

PROPOSED AMENDMENT  
SENATE AMENDMENTS TO S.B. 1027  
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 11-952, Arizona Revised Statutes, as amended by  
3 Laws 2005, chapter 273, section 2, is amended to read:

4 11-952. Intergovernmental agreements and contracts

5 A. If authorized by their legislative or other governing bodies, two  
6 or more public agencies or public procurement units by direct contract or  
7 agreement may contract for services or jointly exercise any powers common to  
8 the contracting parties and may enter into agreements with one another for  
9 joint or cooperative action or may form a separate legal entity, including a  
10 nonprofit corporation, to contract for or perform some or all of the services  
11 specified in the contract or agreement or exercise those powers jointly held  
12 by the contracting parties.

13 B. Any such contract or agreement shall specify the following:

14 1. Its duration.

15 2. Its purpose or purposes.

16 3. The manner of financing the joint or cooperative undertaking and of  
17 establishing and maintaining a budget therefor.

18 4. The permissible method or methods to be employed in accomplishing  
19 the partial or complete termination of the agreement and for disposing of  
20 property ~~upon~~ ON such partial or complete termination.

21 5. If a separate legal entity is formed pursuant to subsection A, the  
22 precise organization, composition, title and nature of the entity.

23 6. Any other necessary and proper matters.

24 C. No agreement made pursuant to this article shall relieve any public  
25 agency of any obligation or responsibility imposed ~~upon~~ ON it by law.

26 D. Except as provided in subsection E, every agreement or contract  
27 involving any public agency, board or commission made pursuant to this  
28 article ~~shall, prior to~~ BEFORE its execution, SHALL be submitted to the  
29 attorney for each such public agency, board or commission, who shall  
30 determine whether the agreement is in proper form and is within the powers  
31 and authority granted under the laws of this state to such public agency,  
32 board or commission.

33 E. A federal department or agency ~~which~~ THAT is a party to an  
34 agreement or contract made pursuant to this article is not required to submit  
35 the agreement or contract to the attorney for the federal department or  
36 agency unless required under federal law.

37 ~~F. Any agreement or contract submitted to the attorney general shall  
38 be filed with the secretary of state and shall become effective on the date  
39 provided in the agreement. The secretary of state shall prepare a  
40 cross-index of the names of all public agencies which coordinate with the  
41 attorney general and secretary of state and file an agreement under this  
42 section.~~

1           ~~G. Any agreement or contract submitted to an attorney other than the~~  
2 ~~attorney general shall be filed with the secretary of state if the agreement~~  
3 ~~affects more than one county and shall be filed with the county recorder if~~  
4 ~~only one county is affected and shall become effective on the date provided~~  
5 ~~in the agreement.~~

6           ~~H.~~ F. Appropriate action by ordinance, ~~OR~~ resolution or otherwise  
7 pursuant to the laws applicable to the governing bodies of the participating  
8 agencies approving or extending the duration of the agreement or contract  
9 shall be necessary before any such agreement, contract or extension may be  
10 filed or become effective.

11           ~~I. G. If a school district is a party to an agreement made pursuant~~  
12 ~~to subsection A, the parties to such agreement may extend the duration of the~~  
13 ~~agreement by notification to the secretary of state if the agreement is filed~~  
14 ~~pursuant to subsection F. Such AN agreement OR CONTRACT may be extended as~~  
15 ~~many times as is desirable, but each extension may not exceed the duration of~~  
16 ~~the previous agreement.~~

17           ~~J.~~ H. Payment for services under this section shall not be made  
18 unless pursuant to a fully approved written contract.

19           ~~K.~~ I. A person who authorizes payment of any monies in violation of  
20 this section is liable for the monies paid plus twenty per cent of such  
21 amount and legal interest from the date of payment.

22           ~~L.~~ J. Notwithstanding any other provision of law, public agencies may  
23 enter into a contract or agreement pursuant to this section with the superior  
24 court, justice courts and police courts for related services and facilities  
25 of such courts for a term not to exceed ten years, with the approval of such  
26 contract or agreement by the presiding judge of the superior court in the  
27 county in which the court or courts ~~which~~ THAT provide the facilities or  
28 services are located.

29           ~~M.~~ K. A county with a population of more than one million two hundred  
30 thousand persons may enter into an intergovernmental agreement with a city or  
31 town to allow the city or town to enforce the provisions of the county's  
32 ordinances regulating adult entertainment businesses and the county's  
33 building codes, excluding the issuance of licenses or permits, in a specified  
34 portion of the county. An intergovernmental agreement pursuant to this  
35 subsection shall apply only to a portion of a county that is entirely  
36 surrounded by one or more cities or towns.

37           Sec. 2. Section 11-952, Arizona Revised Statutes, as amended by Laws  
38 2005, chapter 273, section 3, is amended to read:

39           11-952. Intergovernmental agreements and contracts

40           A. If authorized by their legislative or other governing bodies, two  
41 or more public agencies or public procurement units by direct contract or  
42 agreement may contract for services or jointly exercise any powers common to  
43 the contracting parties and may enter into agreements with one another for  
44 joint or cooperative action or may form a separate legal entity, including a  
45 nonprofit corporation, to contract for or perform some or all of the services  
46 specified in the contract or agreement or exercise those powers jointly held  
47 by the contracting parties.

48           B. Any such contract or agreement shall specify the following:

- 49           1. Its duration.

1           2. Its purpose or purposes.

2           3. The manner of financing the joint or cooperative undertaking and of  
3 establishing and maintaining a budget therefor.

4           4. The permissible method or methods to be employed in accomplishing  
5 the partial or complete termination of the agreement and for disposing of  
6 property ~~upon~~ ON such partial or complete termination.

7           5. If a separate legal entity is formed pursuant to subsection A, the  
8 precise organization, composition, title and nature of the entity.

9           6. Any other necessary and proper matters.

10          C. No agreement made pursuant to this article shall relieve any public  
11 agency of any obligation or responsibility imposed ~~upon~~ ON it by law.

12          D. Except as provided in subsection E, every agreement or contract  
13 involving any public agency, board or commission made pursuant to this  
14 article ~~shall, prior to~~ BEFORE its execution, SHALL be submitted to the  
15 attorney for each such public agency, board or commission, who shall  
16 determine whether the agreement is in proper form and is within the powers  
17 and authority granted under the laws of this state to such public agency,  
18 board or commission.

19          E. A federal department or agency ~~which~~ THAT is a party to an  
20 agreement or contract made pursuant to this article is not required to submit  
21 the agreement or contract to the attorney for the federal department or  
22 agency unless required under federal law.

23          ~~F. Any agreement or contract submitted to the attorney general shall  
24 be filed with the secretary of state and shall become effective on the date  
25 provided in the agreement. The secretary of state shall prepare a  
26 cross-index of the names of all public agencies which coordinate with the  
27 attorney general and secretary of state and file an agreement under this  
28 section.~~

29          ~~G. Any agreement or contract submitted to an attorney other than the  
30 attorney general shall be filed with the secretary of state if the agreement  
31 affects more than one county and shall be filed with the county recorder if  
32 only one county is affected and shall become effective on the date provided  
33 in the agreement.~~

34          H. F. Appropriate action by ordinance, ~~OR~~ OR resolution or otherwise  
35 pursuant to the laws applicable to the governing bodies of the participating  
36 agencies approving or extending the duration of the agreement or contract  
37 shall be necessary before any such agreement, contract or extension may be  
38 filed or become effective.

39          ~~I. G. If a school district is a party to an agreement made pursuant  
40 to subsection A, the parties to such agreement may extend the duration of the  
41 agreement by notification to the secretary of state if the agreement is filed  
42 pursuant to subsection F. Such AN agreement OR CONTRACT may be extended as  
43 many times as is desirable, but each extension may not exceed the duration of  
44 the previous agreement.~~

45          ~~J. H.~~ H. Payment for services under this section shall not be made  
46 unless pursuant to a fully approved written contract.

47          ~~K. I.~~ I. A person who authorizes payment of any monies in violation of  
48 this section is liable for the monies paid plus twenty per cent of such  
49 amount and legal interest from the date of payment.

1           ~~J.~~ J. Notwithstanding any other provision of law, public agencies may  
2 enter into a contract or agreement pursuant to this section with the superior  
3 court, justice courts and police courts for related services and facilities  
4 of such courts for a term not to exceed ten years, with the approval of such  
5 contract or agreement by the presiding judge of the superior court in the  
6 county in which the court or courts ~~which~~ THAT provide the facilities or  
7 services are located.

8           Sec. 3. Section 15-105, Arizona Revised Statutes, is amended to read:  
9           15-105. Early graduation scholarship program; fund; program  
10           termination; definition

11           A. Each school district or charter school that provides instruction in  
12 grades nine through twelve in this state shall participate in and promote to  
13 students an early graduation scholarship program.

14           B. The commission for postsecondary education shall develop  
15 application forms, procedures and deadlines to implement and administer the  
16 early graduation scholarship program in conjunction with the department of  
17 education and shall select eligible students each year for participation in  
18 the early graduation scholarship program. The school district or charter  
19 school that the student attends shall notify the department of education and  
20 the commission for postsecondary education if the student graduates at least  
21 one ~~semester~~ YEAR before the student's scheduled graduation date.

22           C. Participating full-time students who graduate~~:-~~

23           ~~1.~~ 1. at least one year early shall receive a scholarship grant in an  
24 amount not to exceed one thousand two hundred fifty dollars or the actual  
25 cost of tuition, books and fees, whichever is less, in the first academic  
26 year of postsecondary instruction, and an amount not to exceed seven hundred  
27 fifty dollars or the actual cost of tuition, books and fees, whichever is  
28 less, in the second academic year of postsecondary instruction, to be used to  
29 pay all or a portion of the tuition, books and fees charged at a qualifying  
30 postsecondary institution for a maximum of two academic years, which must be  
31 completed within thirty-six months after the student's actual graduation date  
32 from high school. The amount of a scholarship grant awarded to a  
33 participating part-time student enrolled at least half-time for the academic  
34 year as defined in 20 United States Code section 1088 shall be prorated in  
35 accordance with the part-time status of the student.

36           ~~2. One semester early shall receive a scholarship grant in an amount~~  
37 ~~not to exceed one thousand dollars or the actual cost of tuition, books and~~  
38 ~~fees, whichever is less, in the first academic year of postsecondary~~  
39 ~~instruction, and an amount not to exceed five hundred dollars or the actual~~  
40 ~~cost of tuition, books and fees, whichever is less, in the second academic~~  
41 ~~year of postsecondary instruction, to be used to pay all or a portion of the~~  
42 ~~tuition, books and fees charged at a qualifying postsecondary institution for~~  
43 ~~a maximum of two academic years, which must be completed within thirty six~~  
44 ~~months after the student's actual graduation date from high school. The~~  
45 ~~amount of a scholarship grant awarded to a participating part-time student~~  
46 ~~enrolled at least half-time for the academic year as defined in 20 United~~  
47 ~~States Code section 1088 shall be prorated in accordance with the part-time~~  
48 ~~status of the student.~~

1 D. A student who provides satisfactory proof to the commission for  
2 postsecondary education that the student has met all of the following  
3 criteria is eligible to submit an application for consideration for a  
4 scholarship grant under the early graduation scholarship program:

5 1. The student has graduated from a charter school or a public high  
6 school that is part of a school district in this state at least one ~~semester~~  
7 ~~YEAR~~ earlier than the student's class is scheduled to graduate.

8 2. The student has achieved a passing score on each component of the  
9 Arizona instrument to measure standards test that is required for graduation  
10 from high school.

11 3. The student is currently a resident of this state and has been a  
12 resident of this state for at least the past twelve months.

13 4. The student has completed and submitted a free application for  
14 federal student aid.

15 E. The school district or charter school from which the student  
16 graduated shall include the student who graduates early in the school  
17 district's or charter school's student count until the student's class is  
18 scheduled to graduate and shall continue to receive per pupil funding minus  
19 two thousand two hundred dollars for a student who graduates at least one  
20 year early ~~or one thousand seven hundred dollars for a student who graduates~~  
21 ~~one semester early, whichever is applicable,~~ until the student's class is  
22 scheduled to graduate. The school district or charter school shall place the  
23 per pupil funding received in the school district's or charter school's  
24 maintenance and operations fund.

25 F. The department of education shall transmit both of the following to  
26 the commission for postsecondary education:

27 1. A list of early graduates with their identifying information,  
28 cohort graduation date, early graduation date and high school of graduation.

29 2. Two thousand two hundred dollars ~~for a student who graduates at~~  
30 ~~least one year early or one thousand seven hundred dollars for a student who~~  
31 ~~graduates one semester early, whichever is applicable,~~ of the amount of per  
32 pupil funding provided to a school district or charter school for a student  
33 who graduates at least one ~~semester~~ ~~YEAR~~ early for deposit in the early  
34 graduation scholarship fund established by this section.

35 G. The commission for postsecondary education shall make awards from  
36 the early graduation scholarship fund for payment of tuition, books and fees  
37 at qualifying postsecondary institutions to students who are selected to  
38 participate in the early graduation scholarship program on verification of  
39 admission, enrollment and certification of the cost of each student's tuition  
40 and fees by the qualifying postsecondary institutions.

41 H. If the amount of monies available for scholarship grants in any  
42 fiscal year is insufficient to provide scholarship grants to all eligible  
43 applicants, the commission for postsecondary education shall award  
44 scholarship grants to eligible students in the order in which the  
45 applications were received by the commission, except that priority shall be  
46 given to eligible students who received a scholarship grant in the previous  
47 fiscal year and who are still in good academic standing at the same  
48 qualifying postsecondary institution or who transferred to a different  
49 qualifying postsecondary institution but remain in good academic standing at

1 the previous qualifying postsecondary institution. The commission for  
2 postsecondary education shall maintain a waiting list for all other  
3 applicants.

4 I. A qualifying postsecondary institution shall notify the commission  
5 for postsecondary education if a student who has received a scholarship grant  
6 is no longer in good academic standing at the qualifying postsecondary  
7 institution or is no longer enrolled at the qualifying postsecondary  
8 institution.

9 J. The student or the qualifying postsecondary institution shall  
10 reimburse the early graduation scholarship fund for any unused scholarship  
11 grant funds received pursuant to subsection C of this section if the student  
12 does not complete the academic year as defined in 20 United States Code  
13 section 1088. A student shall complete the first year in good academic  
14 standing from a qualifying postsecondary institution before receiving monies  
15 for the second year from the early graduation scholarship fund.

16 K. A student who receives an early graduation scholarship grant shall  
17 be allowed, at no additional cost except for fees charged to all students, to  
18 both:

19 1. Participate in extracurricular activities until the student's high  
20 school class is scheduled to graduate.

21 2. Participate in the student's high school class graduation  
22 ceremonies.

23 L. The early graduation scholarship fund is established consisting of  
24 monies deposited pursuant to subsection F of this section and all repayments  
25 that are received pursuant to subsection J of this section. The commission  
26 for postsecondary education shall administer the fund. Monies in the fund  
27 are continuously appropriated and are exempt from the provisions of section  
28 35-190 relating to lapsing of appropriations. On notice from the commission,  
29 the state treasurer shall invest and divest monies in the fund as provided by  
30 section 35-313, and monies earned from the investment shall be credited to  
31 the fund. The commission may retain up to five per cent of the monies in the  
32 fund for administrative costs. The commission may hire up to two full-time  
33 equivalent positions for the implementation and administration of the early  
34 graduation scholarship program.

35 M. The commission for postsecondary education shall submit an annual  
36 report by December 1 to the governor, the president of the senate and the  
37 speaker of the house of representatives and a copy of the report shall be  
38 submitted to the secretary of state and the director of the Arizona state  
39 library, archives and public records. The report shall contain at least the  
40 following:

41 1. The number of students who graduated at least one year early ~~and~~  
42 ~~the number of students who graduated at least one semester early~~ for each  
43 year of implementation of the program by each school district and charter  
44 school.

45 2. The number of scholarships provided pursuant to this section.

46 3. The average amount per scholarship provided pursuant to this  
47 section.

48 4. The balance in the early graduation scholarship fund.

1           5. The number of students using a scholarship to attend a regionally  
2 or nationally accredited public or private postsecondary institution and the  
3 number of students using a scholarship to attend a regionally or nationally  
4 accredited vocational program.

5           6. A description of how the commission expended monies for  
6 administrative costs of the program pursuant to subsection L of this section.

7           N. The program established by this section ends on July 1, 2017  
8 pursuant to section 41-3102.

9           O. For the purposes of this section, "qualifying postsecondary  
10 institution" means a regionally or nationally accredited public or private  
11 postsecondary educational institution in this state or a regionally or  
12 nationally accredited vocational program in this state.

13           Sec. 4. Section 15-185, Arizona Revised Statutes, as amended by Laws  
14 2009, forty-ninth legislature, third special session, chapter 2, section 1,  
15 is amended to read:

16           15-185. Charter schools; financing; civil penalty;  
17 transportation; definitions

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

20           1. The charter school shall be included in the district's budget and  
21 financial assistance calculations pursuant to paragraph 3 of this subsection  
22 and chapter 9 of this title, except for chapter 9, article 4 of this title.  
23 The charter of the charter school shall include a description of the methods  
24 of funding the charter school by the school district. The school district  
25 shall send a copy of the charter and application, including a description of  
26 how the school district plans to fund the school, to the state board of  
27 education before the start of the first fiscal year of operation of the  
28 charter school. The charter or application shall include an estimate of the  
29 student count for the charter school for its first fiscal year of operation.  
30 This estimate shall be computed pursuant to the requirements of paragraph 3  
31 of this subsection.

32           2. A school district is not financially responsible for any charter  
33 school that is sponsored by the state board of education or the state board  
34 for charter schools.

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

36           (a) Increase its student count as provided in subsection B, paragraph  
37 2 of this section during the first year of the charter school's operation to  
38 include those charter school pupils who were not previously enrolled in the  
39 school district. A charter school sponsored by a school district governing  
40 board is eligible for the assistance prescribed in subsection B, paragraph 4  
41 of this section. The soft capital allocation as provided in section 15-962  
42 for the school district sponsoring the charter school shall be increased by  
43 the amount of the additional assistance. The school district shall include  
44 the full amount of the additional assistance in the funding provided to the  
45 charter school.

46           (b) Compute separate weighted student counts pursuant to section  
47 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
48 school pupils in order to maintain eligibility for small school district  
49 support level weights authorized in section 15-943, paragraph 1 for its

1 noncharter school pupils only. The portion of a district's student count  
2 that is attributable to charter school pupils is not eligible for small  
3 school district support level weights.

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

8 5. 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 an increase in its capital outlay revenue limit as provided in  
11 section 15-961, subsection C, except that if the charter school was  
12 previously a school in the district, the district may include in its student  
13 count any charter school pupils who were enrolled in the school district in  
14 the prior year.

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

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

29 B. Financial provisions for a charter school that is sponsored by the  
30 state board of education or the state board for charter schools are as  
31 follows:

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

35 2. Notwithstanding paragraph 1 of this subsection, the student count  
36 shall be determined initially using an estimated student count based on  
37 actual registration of pupils before the beginning of the school year. After  
38 the first one hundred days or two hundred days in session, as applicable, the  
39 charter school shall revise the student count to be equal to the actual  
40 average daily membership, as defined in section 15-901, or the adjusted  
41 average daily membership, as prescribed in section 15-902, of the charter  
42 school. Before the one hundredth day or two hundredth day in session, as  
43 applicable, the state board of education or the state board for charter  
44 schools may require a charter school to report periodically regarding pupil  
45 enrollment and attendance and the department of education may revise its  
46 computation of equalization assistance based on the report. A charter school  
47 shall revise its student count, base support level and additional assistance  
48 before May 15. A charter school that overestimated its student count shall

1 revise its budget before May 15. A charter school that underestimated its  
2 student count may revise its budget before May 15.

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

7 4. Equalization assistance for the charter school shall be determined  
8 by adding the amount of the base support level and additional assistance.  
9 The amount of the additional assistance is one thousand five hundred  
10 eighty-eight dollars forty-four cents per student count in kindergarten  
11 programs and grades one through eight and one thousand eight hundred  
12 fifty-one dollars thirty cents per student count in grades nine through  
13 twelve.

14 5. The state board of education shall apportion state aid from the  
15 appropriations made for such purposes to the state treasurer for disbursement  
16 to the charter schools in each county in an amount as determined by this  
17 paragraph. The apportionments shall be made ~~in twelve equal installments of~~  
18 ~~the total amount to be apportioned during the fiscal year on the fifteenth~~  
19 ~~day of each month of the fiscal year~~ AS PRESCRIBED IN SECTION 15-973,  
20 SUBSECTION B.

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

31 7. The charter school shall not charge tuition FOR PUPILS WHO RESIDE  
32 IN THIS STATE, levy taxes or issue bonds. A CHARTER SCHOOL MAY ADMIT PUPILS  
33 WHO ARE NOT RESIDENTS OF THIS STATE AND SHALL CHARGE TUITION FOR THOSE PUPILS  
34 IN THE SAME MANNER PRESCRIBED IN SECTION 15-823.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 L. For the purposes of this section:

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

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

25 Sec. 5. Section 15-187, Arizona Revised Statutes, is amended to read:

26 15-187. Charter schools; teachers; employment benefits

27 A. A teacher who is employed by or teaching at a charter school and  
28 who was previously employed as a teacher at a school district shall not lose  
29 any right of certification, retirement or salary status or any other benefit  
30 provided by law, by the rules of the governing board of the school district  
31 or by the rules of the board of directors of the charter school due to  
32 teaching at a charter school on the teacher's return to the school district.

33 B. A teacher who is employed by or teaching at a charter school and  
34 who submits an employment application to the school district where the  
35 teacher was employed immediately before employment by or at a charter school  
36 shall be given employment preference by the school district if both of the  
37 following conditions are met:

38 1. The teacher submits an employment application to the school  
39 district no later than three years after ceasing employment with the school  
40 district.

41 2. A suitable position is available at the school district.

42 C. A charter school that is sponsored by a school district governing  
43 board, the state board of education or the state board for charter schools is  
44 eligible to participate in the Arizona state retirement system pursuant to  
45 title 38, chapter 5, article 2. The charter school is a political  
46 subdivision of this state for purposes of title 38, chapter 5, article 2.

47 **D. NOTWITHSTANDING ANY OTHER LAW, A CHARTER SCHOOL SHALL NOT ADOPT**  
48 **POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON**  
49 **TENURE OR SENIORITY.**

1           Sec. 6. Section 15-203, Arizona Revised Statutes, is amended to read:

2           15-203. Powers and duties

3           A. The state board of education shall:

4           1. Exercise general supervision over and regulate the conduct of the  
5 public school system and adopt any rules and policies it deems necessary to  
6 accomplish this purpose.

7           2. Keep a record of its proceedings.

8           3. Make rules for its own government.

9           4. Determine the policy and work undertaken by it.

10          5. Appoint its employees, on the recommendation of the superintendent  
11 of public instruction.

12          6. Prescribe the duties of its employees if not prescribed by statute.

13          7. Delegate to the superintendent of public instruction the execution  
14 of board policies and rules.

15          8. Recommend to the legislature changes or additions to the statutes  
16 pertaining to schools.

17          9. Prepare, publish and distribute reports concerning the educational  
18 welfare of this state.

19          10. Prepare a budget for expenditures necessary for proper maintenance  
20 of the board and accomplishment of its purposes and present the budget to the  
21 legislature.

22          11. Aid in the enforcement of laws relating to schools.

23          12. Prescribe a minimum course of study in the common schools, minimum  
24 competency requirements for the promotion of pupils from the third grade and  
25 minimum course of study and competency requirements for the promotion of  
26 pupils from the eighth grade. The state board of education shall prepare a  
27 fiscal impact statement of any proposed changes to the minimum course of  
28 study or competency requirements and, on completion, shall send a copy to the  
29 director of the joint legislative budget committee and the executive director  
30 of the school facilities board. The state board of education shall not adopt  
31 any changes in the minimum course of study or competency requirements in  
32 effect on July 1, 1998 that will have a fiscal impact on school capital  
33 costs.

34          13. Prescribe minimum course of study and competency requirements for  
35 the graduation of pupils from high school. The state board of education  
36 shall prepare a fiscal impact statement of any proposed changes to the  
37 minimum course of study or competency requirements and, on completion, shall  
38 send a copy to the director of the joint legislative budget committee and the  
39 executive director of the school facilities board. The state board of  
40 education shall not adopt any changes in the minimum course of study or  
41 competency requirements in effect on July 1, 1998 that will have a fiscal  
42 impact on school capital costs.

43          14. Supervise and control the certification of persons engaged in  
44 instructional work directly as any classroom, laboratory or other teacher or  
45 indirectly as a supervisory teacher, speech therapist, principal or  
46 superintendent in a school district, including school district preschool  
47 programs, or any other educational institution below the community college,  
48 college or university level, and prescribe rules for certification, including  
49 rules for certification of teachers who have teaching experience and who are

1 trained in other states, which are not unnecessarily restrictive and are  
2 substantially similar to the rules prescribed for the certification of  
3 teachers trained in this state. The rules shall require applicants for all  
4 certificates for common school instruction to complete a minimum of  
5 forty-five classroom hours or three college level credit hours, or the  
6 equivalent, of training in research based systematic phonics instruction from  
7 a public or private provider. The rules shall not require a teacher to  
8 obtain a master's degree or to take any additional graduate courses as a  
9 condition of certification or recertification. The rules shall allow a  
10 general equivalency diploma to be substituted for a high school diploma in  
11 the certification of emergency substitute teachers. **THE RULES SHALL ALLOW  
12 BUT SHALL NOT REQUIRE THE SUPERINTENDENT OF A SCHOOL DISTRICT TO OBTAIN  
13 CERTIFICATION FROM THE STATE BOARD OF EDUCATION.**

14 15. Adopt a list of approved tests for determining special education  
15 assistance to gifted pupils as defined in and as provided in chapter 7,  
16 article 4.1 of this title. The adopted tests shall provide separate scores  
17 for quantitative reasoning, verbal reasoning and nonverbal reasoning and  
18 shall be capable of providing reliable and valid scores at the highest ranges  
19 of the score distribution.

20 16. Adopt rules governing the methods for the administration of all  
21 proficiency examinations.

22 17. Adopt proficiency examinations for its use. The state board of  
23 education shall determine the passing score for the proficiency examination.

24 18. Include within its budget the cost of contracting for the purchase,  
25 distribution and scoring of the examinations as provided in paragraphs 16 and  
26 17 of this subsection.

27 19. Supervise and control the qualifications of professional  
28 nonteaching school personnel and prescribe standards relating to  
29 qualifications. **THE STANDARDS SHALL NOT REQUIRE THE BUSINESS MANAGER OF A  
30 SCHOOL DISTRICT TO OBTAIN CERTIFICATION FROM THE STATE BOARD OF EDUCATION.**

31 20. Impose such disciplinary action, including the issuance of a letter  
32 of censure, suspension, suspension with conditions or revocation of a  
33 certificate, upon a finding of immoral or unprofessional conduct.

34 21. Establish an assessment, data gathering and reporting system for  
35 pupil performance as prescribed in chapter 7, article 3 of this title.

36 22. Adopt a rule to promote braille literacy pursuant to section  
37 15-214.

38 23. Adopt rules prescribing procedures for the investigation by the  
39 department of education of every written complaint alleging that a  
40 certificated person has engaged in immoral conduct.

41 24. For purposes of federal law, serve as the state board for  
42 vocational and technological education and meet at least four times each year  
43 solely to execute the powers and duties of the state board for vocational and  
44 technological education.

45 25. Develop and maintain a handbook for use in the schools of this  
46 state that provides guidance for the teaching of moral, civic and ethical  
47 education. The handbook shall promote existing curriculum frameworks and  
48 shall encourage school districts to recognize moral, civic and ethical values  
49 within instructional and programmatic educational development programs for

1 the general purpose of instilling character and ethical principles in pupils  
2 in kindergarten programs and grades one through twelve.

3 26. Require pupils to recite the following passage from the declaration  
4 of independence for pupils in grades four through six at the commencement of  
5 the first class of the day in the schools, except that a pupil shall not be  
6 required to participate if the pupil or the pupil's parent or guardian  
7 objects:

8 We hold these truths to be self-evident, that all men are  
9 created equal, that they are endowed by their creator with  
10 certain unalienable rights, that among these are life, liberty  
11 and the pursuit of happiness. That to secure these rights,  
12 governments are instituted among men, deriving their just powers  
13 from the consent of the governed. . . .

14 27. Adopt rules that provide for teacher certification reciprocity.  
15 The rules shall provide for a one year reciprocal teaching certificate with  
16 minimum requirements including valid teacher certification from a state with  
17 substantially similar criminal history or teacher fingerprinting requirements  
18 and proof of the submission of an application for a fingerprint clearance  
19 card pursuant to title 41, chapter 12, article 3.1.

20 28. Adopt rules that will be in effect until December 31, 2006 and that  
21 provide for the presentation of an honorary high school diploma to a person  
22 who has never obtained a high school diploma and who meets each of the  
23 following requirements:

- 24 (a) Is at least sixty-five years of age.
- 25 (b) Currently resides in this state.

26 (c) Provides documented evidence from the Arizona department of  
27 veterans' services that the person enlisted in the armed forces of the United  
28 States before completing high school in a public or private school.

29 (d) Was honorably discharged from service with the armed forces of the  
30 United States.

31 29. Cooperate with the Arizona-Mexico commission in the governor's  
32 office and with researchers at universities in this state to collect data and  
33 conduct projects in the United States and Mexico on issues that are within  
34 the scope of the duties of the department of education and that relate to  
35 quality of life, trade and economic development in this state in a manner  
36 that will help the Arizona-Mexico commission to assess and enhance the  
37 economic competitiveness of this state and of the Arizona-Mexico region.

38 30. Adopt rules to define and provide guidance to schools as to the  
39 activities that would constitute immoral or unprofessional conduct of  
40 certificated persons.

41 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven  
42 and twelve to volunteer for twenty hours of community service before  
43 graduation from high school. A school district that complies with the  
44 guidelines adopted pursuant to this paragraph is not liable for damages  
45 resulting from a pupil's participation in community service unless the school  
46 district is found to have demonstrated wanton or reckless disregard for the  
47 safety of the pupil and other participants in community service. For the  
48 purposes of this paragraph, "community service" may include service learning.  
49 The guidelines shall include the following:

1 (a) A list of the general categories in which community service may be  
2 performed.

3 (b) A description of the methods by which community service will be  
4 monitored.

5 (c) A consideration of risk assessment for community service projects.

6 (d) Orientation and notification procedures of community service  
7 opportunities for pupils entering grade nine, including the development of a  
8 notification form. The notification form shall be signed by the pupil and  
9 the pupil's parent or guardian, except that a pupil shall not be required to  
10 participate in community service if the parent or guardian notifies the  
11 principal of the pupil's school in writing that the parent or guardian does  
12 not wish the pupil to participate in community service.

13 (e) Procedures for a pupil in grade nine to prepare a written proposal  
14 that outlines the type of community service that the pupil would like to  
15 perform and the goals that the pupil hopes to achieve as a result of  
16 community service. The pupil's written proposal shall be reviewed by a  
17 faculty advisor, a guidance counselor or any other school employee who is  
18 designated as the community service program coordinator for that school. The  
19 pupil may alter the written proposal at any time before performing community  
20 service.

21 (f) Procedures for a faculty advisor, a guidance counselor or any  
22 other school employee who is designated as the community service program  
23 coordinator to evaluate and certify the completion of community service  
24 performed by pupils.

25 32. To facilitate the transfer of military personnel and their  
26 dependents to and from the public schools of this state, pursue, in  
27 cooperation with the Arizona board of regents, reciprocity agreements with  
28 other states concerning the transfer credits for military personnel and their  
29 dependents. A reciprocity agreement entered into pursuant to this paragraph  
30 shall:

31 (a) Address procedures for each of the following:

32 (i) The transfer of student records.

33 (ii) Awarding credit for completed course work.

34 (iii) Permitting a student to satisfy the graduation requirements  
35 prescribed in section 15-701.01 through the successful performance on  
36 comparable exit-level assessment instruments administered in another state.

37 (b) Include appropriate criteria developed by the state board of  
38 education and the Arizona board of regents.

39 33. Adopt guidelines that school district governing boards shall use in  
40 identifying pupils who are eligible for gifted programs and in providing  
41 gifted education programs and services. The state board of education shall  
42 adopt any other guidelines and rules that it deems necessary in order to  
43 carry out the purposes of chapter 7, article 4.1 of this title.

44 34. For each of the alternative textbook formats of human-voiced audio,  
45 large-print and braille, designate alternative media producers to adapt  
46 existing standard print textbooks or to provide specialized textbooks, or  
47 both, for pupils with disabilities in this state. Each alternative media  
48 producer shall be capable of producing alternative textbooks in all relevant

1 subjects in at least one of the alternative textbook formats. The board  
2 shall post the designated list of alternative media producers on its website.

3 35. Adopt a list of approved professional development training  
4 providers for use by school districts as provided in section 15-107,  
5 subsection J. The professional development training providers shall meet the  
6 training curriculum requirements determined by the state board of education  
7 in at least the areas of school finance, governance, employment, staffing,  
8 inventory and human resources, internal controls and procurement.

9 36. Adopt rules to prohibit a person who violates the notification  
10 requirements prescribed in section 15-183, subsection C, paragraph 6 or  
11 section 15-550, subsection C from certification pursuant to this title until  
12 the person is no longer charged or is acquitted of any offenses listed in  
13 section 41-1758.03, subsection B. The board shall also adopt rules to  
14 prohibit a person who violates the notification requirements, certification  
15 surrender requirements or fingerprint clearance card surrender requirements  
16 prescribed in section 15-183, subsection C, paragraph 7 or section 15-550,  
17 subsection D from certification pursuant to this title for at least ten years  
18 after the date of the violation.

19 B. The state board of education may:

20 1. Contract.

21 2. Sue and be sued.

22 3. Distribute and score the tests prescribed in chapter 7, article 3  
23 of this title.

24 4. Provide for an advisory committee to conduct hearings and  
25 screenings to determine whether grounds exist to impose disciplinary action  
26 against a certificated person, whether grounds exist to reinstate a revoked  
27 or surrendered certificate and whether grounds exist to approve or deny an  
28 initial application for certification or a request for renewal of a  
29 certificate. The board may delegate its responsibility to conduct hearings  
30 and screenings to its advisory committee. Hearings shall be conducted  
31 pursuant to title 41, chapter 6, article 6.

32 5. Proceed with the disposal of any complaint requesting disciplinary  
33 action or with any disciplinary action against a person holding a certificate  
34 as prescribed in subsection A, paragraph 14 of this section after the  
35 suspension or expiration of the certificate or surrender of the certificate  
36 by the holder.

37 6. Assess costs and reasonable attorney fees against a person who  
38 files a frivolous complaint or who files a complaint in bad faith. Costs  
39 assessed pursuant to this paragraph shall not exceed the expenses incurred by  
40 the state board in the investigation of the complaint.

41 Sec. 7. Section 15-213, Arizona Revised Statutes, is amended to read:

42 15-213. Procurement practices of school districts and charter  
43 schools; definitions

44 A. The state board of education shall adopt rules prescribing  
45 procurement practices for all school districts in this state as follows:

46 1. The state board shall submit to the auditor general proposed rules  
47 consistent with the procurement practices prescribed in title 41, chapter 23,  
48 modifying the provisions for public notice of invitation for bids, requests  
49 for proposals and requests for qualifications to allow a governing board to

1 give public notice of the invitation for bids, requests for proposals and  
2 requests for qualifications by publication in the official newspaper of the  
3 county as defined in section 11-255, modifying the provisions relating to  
4 disposal of materials to comply with section 15-342, paragraph 18, providing  
5 for governing board delegation of procurement authority and modifying as  
6 necessary other provisions ~~which~~ THAT the state board determines are not  
7 appropriate for school districts. The rules shall include provisions  
8 specifying that school districts are not required to engage in competitive  
9 bidding in order to make the decision to participate in programs pursuant to  
10 section 15-382 and that a program authorized by section 15-382 is not  
11 required to engage in competitive bidding for the services necessary to  
12 administer the program or for purchase of insurance or reinsurance. THE  
13 RULES SHALL INCLUDE PROVISIONS SPECIFYING THAT SCHOOL DISTRICTS ARE NOT  
14 REQUIRED TO ENGAGE IN COMPETITIVE BIDDING IN ORDER TO PLACE A PUPIL IN A  
15 PRIVATE SCHOOL THAT PROVIDES SPECIAL EDUCATION SERVICES IF SUCH PLACEMENT IS  
16 PRESCRIBED IN THE PUPIL'S INDIVIDUALIZED EDUCATION PROGRAM AND THE PRIVATE  
17 SCHOOL HAS BEEN APPROVED BY THE DEPARTMENT OF EDUCATION DIVISION OF SPECIAL  
18 EDUCATION PURSUANT TO SECTION 15-765, SUBSECTION D. The rules for  
19 procurement of construction projects shall include provisions specifying that  
20 surety bonds furnished as bid security and performance and payment bonds  
21 shall be executed and furnished as required by title 34, chapter 2 or 6, as  
22 applicable. The rules shall specify the total cost of a procurement that is  
23 subject to invitations for bids, requests for proposals and requests for  
24 clarification. The state board shall not exceed the aggregate dollar amount  
25 limits for procurements prescribed in section 41-2535.

26 2. The state board of education shall adopt rules for procurements  
27 involving construction not exceeding one hundred fifty thousand dollars,  
28 which shall be known as the simplified school construction procurement  
29 program. At a minimum, the rules for a simplified construction procurement  
30 program shall require that:

31 (a) A list be maintained by each county school superintendent of  
32 persons who desire to receive solicitations to bid on construction projects  
33 to which additions shall be permitted throughout the year.

34 (b) The list of persons be available for public inspection.

35 (c) A performance bond and a payment bond as required by this section  
36 be provided for contracts for construction by contractors.

37 (d) All bids for construction be opened at a public opening and the  
38 bids shall remain confidential until the public opening.

39 (e) All persons desiring to submit bids be treated equitably and the  
40 information related to each project be available to all eligible persons.

41 (f) Competition for construction projects under the simplified school  
42 construction procurement program be encouraged to the maximum extent  
43 possible. At a minimum, a school district shall submit information on each  
44 project to all persons listed with the county school superintendent by any  
45 school district within that county.

46 (g) A provision, covenant, clause or understanding in, collateral to  
47 or affecting a construction contract that makes the contract subject to the  
48 laws of another state or that requires any litigation, arbitration or other  
49 dispute resolution proceeding arising from the contract to be conducted in

1 another state is against this state's public policy and is void and  
2 unenforceable.

3 3. ~~On or before December 31, 2004,~~ The state board of education shall  
4 adopt rules for the procurement of goods and information services by school  
5 districts and charter schools using electronic, ~~on-line~~ ONLINE bidding. The  
6 rules adopted by the state board shall include the use of reverse auctions  
7 and shall be consistent with the procurement practices prescribed in title  
8 41, chapter 23, article 13, modifying as necessary those provisions and the  
9 rules adopted pursuant to that article that the state board determines are  
10 not appropriate for school districts and charter schools. Until the rules  
11 are adopted, school districts and charter schools may procure goods and  
12 information services pursuant to title 41, chapter 23, article 13 using the  
13 rules adopted by the department of administration in implementing that  
14 article.

15 4. The auditor general shall review the proposed rules to determine  
16 whether the rules are consistent with the procurement practices prescribed in  
17 title 41, chapter 23 and any modifications are required to adapt the  
18 procedures for school districts.

19 5. If the auditor general approves the proposed rules, the auditor  
20 general shall notify the state board in writing and the state board shall  
21 adopt such rules.

22 6. If the auditor general objects to the proposed rules, the auditor  
23 general shall notify the state board of the objections in writing and the  
24 state board, in adopting the rules, shall conform the proposed rules to meet  
25 the objections of the auditor general or revise the proposed rules to which  
26 an objection has been made and submit the revisions to the auditor general  
27 for approval.

28 B. After the bids submitted in response to an invitation for bids are  
29 opened and the award is made or after the proposals or qualifications are  
30 submitted in response to a request for proposals or a request for  
31 qualifications and the award is made, the governing board shall make  
32 available for public inspection all information, all bids, proposals and  
33 qualifications submitted and all findings and other information considered in  
34 determining whose bid conforms to the invitation for bids and will be the  
35 most advantageous with respect to price, conformity to the specifications and  
36 other factors or whose proposal or qualifications are to be selected for the  
37 award. The invitation for bids, request for proposals or request for  
38 qualifications shall include a notice that all information and bids,  
39 proposals and qualifications submitted will be made available for public  
40 inspection. The rules adopted by the state board shall prohibit the use in  
41 connection with procurement of specifications in any way proprietary to one  
42 supplier unless the specification includes all of the following:

43 1. A statement of the reasons why no other specification is  
44 practicable.

45 2. A description of the essential characteristics of the specified  
46 product.

47 3. A statement specifically permitting an acceptable alternative  
48 product to be supplied.

1 C. No project or purchase may be divided or sequenced into separate  
2 projects or purchases in order to avoid the limits prescribed by the state  
3 board under subsection A of this section.

4 D. A contract for the procurement of construction or construction  
5 services shall include a provision ~~which~~ THAT provides for negotiations  
6 between the school district and the contractor for the recovery of damages  
7 related to expenses incurred by the contractor for a delay for which the  
8 school district is responsible, which is unreasonable under the circumstances  
9 and which was not within the contemplation of the parties to the contract.  
10 This subsection shall not be construed to void any provision in the contract  
11 ~~which~~ THAT requires notice of delays, provides for arbitration or other  
12 procedure for settlement or provides for liquidated damages.

13 E. The auditor general may conduct discretionary reviews,  
14 investigations and audits of the financial and operational procurement  
15 activities of school districts, nonexempt charter schools and school  
16 purchasing cooperatives. The auditor general has final review and approval  
17 authority over all school district, nonexempt charter school and school  
18 purchasing cooperative audit contracts and any audit reports issued in  
19 accordance with this section.

20 F. In addition to the requirements of sections 15-914 and 15-914.01,  
21 school districts, nonexempt charter schools and school purchasing  
22 cooperatives, in connection with any audit conducted by a certified public  
23 accountant, shall contract for a systematic review of purchasing practices  
24 using methodology consistent with sampling guidelines established by the  
25 auditor general. The auditor general shall consider cost when establishing  
26 guidelines pursuant to this subsection and to the extent possible shall  
27 attempt to minimize the cost of the review. The purpose of the review is to  
28 determine whether the school district, nonexempt charter school or school  
29 purchasing cooperative is in compliance with the procurement laws and  
30 applicable procurement rules of this state. A copy of the review shall be  
31 submitted ~~upon~~ ON completion to the auditor general. The auditor general may  
32 conduct discretionary reviews of school districts, nonexempt charter schools  
33 and school purchasing cooperatives not required to contract for independent  
34 audits.

35 G. The attorney general or county attorney has jurisdiction to enforce  
36 this section. The attorney general or county attorney may seek relief for  
37 any violation of this section through an appropriate civil or criminal action  
38 in superior court, including an action to enjoin a threatened or pending  
39 violation of this section and including an action to enforce compliance with  
40 any request for documents made by the auditor general pursuant to this  
41 section.

42 H. The department of education shall enact policies and procedures for  
43 the acceptance and disposition of complaints from the public regarding school  
44 procurement practices and shall forward all school procurement complaints to  
45 the attorney general.

46 I. The state board of education shall adopt, and the auditor general  
47 shall review, rules authorizing school districts to procure construction  
48 services by construction-manager-at-risk, design-build, qualified select  
49 bidders list and job-order-contracting methods of project delivery. ~~The~~

~~rules adopted shall require each school district that uses construction manager at risk, design build, qualified select bidders list or job order contracting to procure construction services to submit, on or before January 15 of each year, a report to the secretary of state on the benefits associated with the use of such procurement methods. The report shall include the number of projects completed in the preceding calendar year using that procurement method, the cost and description of each project and an estimate of any cost savings or other benefits realized through the use of that procurement method.~~

J. A school district or charter school may evaluate United States general services administration contracts for materials and services. The governing board or governing body may authorize purchases under a current contract for materials or services without complying with the requirements of the procurement rules adopted by the state board of education if the governing board or governing body determines in writing that all of the following apply:

1. The price for materials or services is equal to or less than the contractor's current federal supply contract price with the general services administration.

2. The contractor has indicated in writing that the contractor is willing to extend the current federal supply contract pricing, terms and conditions to the school district or charter school.

3. The purchase order adequately identifies the federal supply contract on which the order is based.

4. The purchase contract is cost effective and is in the best interests of the school district or charter school.

K. For the purposes of this section:

1. "Nonexempt charter school" means a charter school that is not exempted from procurement laws pursuant to section 15-183, subsection E, paragraph 6.

2. "School purchasing cooperative" means an entity engaged in cooperative purchasing as defined in section 41-2631.

3. "Total cost" means the cost of all materials and services, including the cost of labor performed by employees of the school district, for all construction as provided in subsection A of this section.

Sec. 8. Section 15-239, Arizona Revised Statutes, is amended to read:

15-239. School compliance and recognition; accreditation

A. The department of education may:

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

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

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

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

C. THE DEPARTMENT OF EDUCATION MAY CONDUCT FINANCIAL, COMPLIANCE OR AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

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

3 Sec. 9. Section 15-341, Arizona Revised Statutes, is amended to read:

4 15-341. General powers and duties; immunity; delegation

5 A. The governing board shall:

6 1. Prescribe and enforce policies and procedures for the governance of  
7 the schools, not inconsistent with law or rules prescribed by the state board  
8 of education.

9 ~~2. Maintain the schools established by it for the attendance of each  
10 pupil for a period of not less than one hundred seventy-five school days or  
11 two hundred school days, as applicable, or its equivalent as approved by the  
12 superintendent of public instruction for a school district operating on a  
13 year-round operation basis, to offer an educational program on the basis of a  
14 four-day school week or to offer an alternative kindergarten program on the  
15 basis of a three-day school week, in each school year, and if the funds of  
16 the district are sufficient, for a longer period, and as far as practicable  
17 with equal rights and privileges.~~

18 ~~3.~~ 2. Exclude from schools all books, publications, papers or  
19 audiovisual materials of a sectarian, partisan or denominational character.

20 ~~4.~~ 3. Manage and control the school property within its district.

21 ~~5.~~ 4. Acquire school furniture, apparatus, equipment, library books  
22 and supplies for the use of the schools.

23 ~~6.~~ 5. Prescribe the curricula and criteria for the promotion and  
24 graduation of pupils as provided in sections 15-701 and 15-701.01.

25 ~~7.~~ 6. Furnish, repair and insure, at full insurable value, the school  
26 property of the district.

27 ~~8.~~ 7. Construct school buildings on approval by a vote of the  
28 district electors.

29 ~~9.~~ 8. Make in the name of the district conveyances of property  
30 belonging to the district and sold by the board.

31 ~~10.~~ 9. Purchase school sites when authorized by a vote of the district  
32 at an election conducted as nearly as practicable in the same manner as the  
33 election provided in section 15-481 and held on a date prescribed in section  
34 15-491, subsection E, but such authorization shall not necessarily specify  
35 the site to be purchased and such authorization shall not be necessary to  
36 exchange unimproved property as provided in section 15-342, paragraph 23.

37 ~~11.~~ 10. Construct, improve and furnish buildings used for school  
38 purposes when such buildings or premises are leased from the national park  
39 service.

40 ~~12.~~ 11. Purchase school sites or construct, improve and furnish school  
41 buildings from the proceeds of the sale of school property only on approval  
42 by a vote of the district electors.

43 ~~13.~~ 12. Hold pupils to strict account for disorderly conduct on school  
44 property.

45 ~~14.~~ 13. Discipline students for disorderly conduct on the way to and  
46 from school.

47 ~~15.~~ 14. Except as provided in section 15-1224, deposit all monies  
48 received by the district as gifts, grants and devises with the county  
49 treasurer who shall credit the deposits as designated in the uniform system

1 of financial records. If not inconsistent with the terms of the gifts,  
2 grants and devises given, any balance remaining after expenditures for the  
3 intended purpose of the monies have been made shall be used for reduction of  
4 school district taxes for the budget year, except that in the case of  
5 accommodation schools the county treasurer shall carry the balance forward  
6 for use by the county school superintendent for accommodation schools for the  
7 budget year.

8 ~~16.~~ 15. Provide that, if a parent or legal guardian chooses not to  
9 accept a decision of the teacher as provided in section 15-521, paragraph 3,  
10 the parent or legal guardian may request in writing that the governing board  
11 review the teacher's decision. Nothing in this paragraph shall be construed  
12 to release school districts from any liability relating to a child's  
13 promotion or retention.

14 ~~17.~~ 16. Provide for adequate supervision over pupils in instructional  
15 and noninstructional activities by certificated or noncertificated personnel.

16 ~~18.~~ 17. Use school monies received from the state and county school  
17 apportionment exclusively for payment of salaries of teachers and other  
18 employees and contingent expenses of the district.

19 ~~19.~~ 18. Make an annual report to the county school superintendent on  
20 or before October 1 each year in the manner and form and on the blanks  
21 prescribed by the superintendent of public instruction or county school  
22 superintendent. The board shall also make reports directly to the county  
23 school superintendent or the superintendent of public instruction whenever  
24 required.

25 ~~20.~~ 19. Deposit all monies received by school districts other than  
26 student activities monies or monies from auxiliary operations as provided in  
27 sections 15-1125 and 15-1126 with the county treasurer to the credit of the  
28 school district except as provided in paragraph ~~21~~ 20 of this subsection and  
29 sections 15-1223 and 15-1224, and the board shall expend the monies as  
30 provided by law for other school funds.

31 ~~21.~~ 20. Establish a bank account in which the board during a month may  
32 deposit miscellaneous monies received directly by the district. The board  
33 shall remit monies deposited in the bank account at least monthly to the  
34 county treasurer for deposit as provided in paragraph ~~20~~ 19 of this  
35 subsection and in accordance with the uniform system of financial records.

36 ~~22. Employ an attorney admitted to practice in this state whose  
37 principal practice is in the area of commercial real estate, or a real estate  
38 broker who is licensed by this state and who is employed by a reputable  
39 commercial real estate company, to negotiate a lease of five or more years  
40 for the school district if the governing board decides to enter into a lease  
41 of five or more years as lessor of school buildings or grounds as provided in  
42 section 15-342, paragraph 7 or 10. Any lease of five or more years  
43 negotiated pursuant to this paragraph shall provide that the lessee is  
44 responsible for payment of property taxes pursuant to the requirements of  
45 section 42-11104.~~

46 ~~23.~~ 21. Prescribe and enforce policies and procedures for disciplinary  
47 action against a teacher who engages in conduct that is a violation of the  
48 policies of the governing board but that is not cause for dismissal of the  
49 teacher or for revocation of the certificate of the teacher. Disciplinary

1 action may include suspension without pay for a period of time not to exceed  
2 ten school days. Disciplinary action shall not include suspension with pay  
3 or suspension without pay for a period of time longer than ten school days.  
4 The procedures shall include notice, hearing and appeal provisions for  
5 violations that are cause for disciplinary action. The governing board may  
6 designate a person or persons to act on behalf of the board on these matters.

7 ~~24.~~ 22. Prescribe and enforce policies and procedures for disciplinary  
8 action against an administrator who engages in conduct that is a violation of  
9 the policies of the governing board regarding duties of administrators but  
10 that is not cause for dismissal of the administrator or for revocation of the  
11 certificate of the administrator. Disciplinary action may include suspension  
12 without pay for a period of time not to exceed ten school days. Disciplinary  
13 action shall not include suspension with pay or suspension without pay for a  
14 period of time longer than ten school days. The procedures shall include  
15 notice, hearing and appeal provisions for violations that are cause for  
16 disciplinary action. The governing board may designate a person or persons  
17 to act on behalf of the board on these matters. For violations that are  
18 cause for dismissal, the provisions of notice, hearing and appeal in chapter  
19 5, article 3 of this title shall apply. The filing of a timely request for a  
20 hearing suspends the imposition of a suspension without pay or a dismissal  
21 pending completion of the hearing.

22 ~~25.~~ 23. Notwithstanding section 13-3108, prescribe and enforce  
23 policies and procedures that prohibit a person from carrying or possessing a  
24 weapon on school grounds unless the person is a peace officer or has obtained  
25 specific authorization from the school administrator.

26 ~~26.~~ 24. Prescribe and enforce policies and procedures relating to the  
27 health and safety of all pupils participating in district sponsored practice  
28 sessions, games or other interscholastic athletic activities, including the  
29 provision of water.

30 ~~27.~~ 25. Prescribe and enforce policies and procedures regarding the  
31 smoking of tobacco within school buildings. The policies and procedures  
32 shall be adopted in consultation with school district personnel and members  
33 of the community and shall state whether smoking is prohibited in school  
34 buildings. If smoking in school buildings is not prohibited, the policies  
35 and procedures shall clearly state the conditions and circumstances under  
36 which smoking is permitted, those areas in a school building that may be  
37 designated as smoking areas and those areas in a school building that may not  
38 be designated as smoking areas.

39 ~~28.~~ 26. Establish an assessment, data gathering and reporting system  
40 as prescribed in chapter 7, article 3 of this title.

41 ~~29.~~ 27. Provide special education programs and related services  
42 pursuant to section 15-764, subsection A to all children with disabilities as  
43 defined in section 15-761.

44 ~~30.~~ 28. Administer competency tests prescribed by the state board of  
45 education for the graduation of pupils from high school.

46 ~~31.~~ 29. ~~Secure~~ ENSURE THAT insurance coverage IS SECURED for all  
47 construction projects for purposes of general liability, property damage and  
48 workers' compensation and secure performance and payment bonds for all  
49 construction projects.

1           ~~32.~~ 30. Keep on file the resumes of all current and former employees  
2 who provide instruction to pupils at a school. Resumes shall include an  
3 individual's educational and teaching background and experience in a  
4 particular academic content subject area. A school district shall inform  
5 parents and guardians of the availability of the resume information and shall  
6 make the resume information available for inspection on request of parents  
7 and guardians of pupils enrolled at a school. Nothing in this paragraph  
8 shall be construed to require any school to release personally identifiable  
9 information in relation to any teacher or employee, including the teacher's  
10 or employee's address, salary, social security number or telephone number.

11           ~~33.~~ 31. Report to local law enforcement agencies any suspected crime  
12 against a person or property that is a serious offense as defined in section  
13 13-706 or that involves a deadly weapon or dangerous instrument or serious  
14 physical injury and any conduct that poses a threat of death or serious  
15 physical injury to employees, students or anyone on the property of the  
16 school. This paragraph does not limit or preclude the reporting by a school  
17 district or an employee of a school district of suspected crimes other than  
18 those required to be reported by this paragraph. For the purposes of this  
19 paragraph, "dangerous instrument", "deadly weapon" and "serious physical  
20 injury" have the same meanings prescribed in section 13-105.

21           ~~34.~~ 32. In conjunction with local law enforcement agencies and local  
22 medical facilities, develop an emergency response plan for each school in the  
23 school district in accordance with minimum standards developed jointly by the  
24 department of education and the division of emergency management within the  
25 department of emergency and military affairs.

26           ~~35. Annually assign at least one school district employee to~~  
27 ~~participate in a multihazard crisis training program developed or selected by~~  
28 ~~the governing board.~~

29           ~~36.~~ 33. Provide written notice to the parents or guardians of all  
30 students affected in the school district at least thirty days prior to a  
31 public meeting to discuss closing a school within the school district. The  
32 notice shall include the reasons for the proposed closure and the time and  
33 place of the meeting. The governing board shall fix a time for a public  
34 meeting on the proposed closure no less than thirty days before voting in a  
35 public meeting to close the school. The school district governing board  
36 shall give notice of the time and place of the meeting. At the time and  
37 place designated in the notice, the school district governing board shall  
38 hear reasons for or against closing the school. The school district  
39 governing board is exempt from this paragraph if it is determined by the  
40 governing board that the school shall be closed because it poses a danger to  
41 the health or safety of the pupils or employees of the school.

42           ~~37.~~ 34. Incorporate instruction on Native American history into  
43 appropriate existing curricula.

44           ~~38.~~ 35. Prescribe and enforce policies and procedures allowing pupils  
45 who have been diagnosed with anaphylaxis by a health care provider licensed  
46 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse  
47 practitioner licensed and certified pursuant to title 32, chapter 15 to carry  
48 and self-administer emergency medications, including auto-injectable  
49 epinephrine, while at school and at school sponsored activities. The pupil's

1 name on the prescription label on the medication container or on the  
2 medication device and annual written documentation from the pupil's parent or  
3 guardian to the school that authorizes possession and self-administration is  
4 sufficient proof that the pupil is entitled to the possession and  
5 self-administration of the medication. The policies shall require a pupil  
6 who uses auto-injectable epinephrine while at school and at school sponsored  
7 activities to notify the nurse or the designated school staff person of the  
8 use of the medication as soon as practicable. A school district and its  
9 employees are immune from civil liability with respect to all decisions made  
10 and actions taken that are based on good faith implementation of the  
11 requirements of this paragraph, except in cases of wanton or wilful neglect.

12 ~~39.~~ 36. Allow the possession and self-administration of prescription  
13 medication for breathing disorders in handheld inhaler devices by pupils who  
14 have been prescribed that medication by a health care professional licensed  
15 pursuant to title 32. The pupil's name on the prescription label on the  
16 medication container or on the handheld inhaler device and annual written  
17 documentation from the pupil's parent or guardian to the school that  
18 authorizes possession and self-administration shall be sufficient proof that  
19 the pupil is entitled to the possession and self-administration of the  
20 medication. A school district and its employees are immune from civil  
21 liability with respect to all decisions made and actions taken that are based  
22 on a good faith implementation of the requirements of this paragraph.

23 ~~40.~~ 37. Prescribe and enforce policies and procedures to prohibit  
24 pupils from harassing, intimidating and bullying other pupils on school  
25 grounds, on school property, on school buses, at school bus stops and at  
26 school sponsored events and activities that include the following components:

27 (a) A procedure for pupils to confidentially report to school  
28 officials incidents of harassment, intimidation or bullying.

29 (b) A procedure for parents and guardians of pupils to submit written  
30 reports to school officials of suspected incidents of harassment,  
31 intimidation or bullying.

32 (c) A requirement that school district employees report suspected  
33 incidents of harassment, intimidation or bullying to the appropriate school  
34 official.

35 (d) A formal process for the documentation of reported incidents of  
36 harassment, intimidation or bullying, ~~except that no documentation shall be~~  
37 ~~maintained unless the harassment, intimidation or bullying has been proven~~  
38 AND FOR THE CONFIDENTIALITY, MAINTENANCE AND DISPOSITION OF THIS  
39 DOCUMENTATION. IF A SCHOOL MAINTAINS DOCUMENTATION OF REPORTED INCIDENTS OF  
40 HARASSMENT, INTIMIDATION OR BULLYING, THE SCHOOL SHALL NOT USE THAT  
41 DOCUMENTATION TO IMPOSE DISCIPLINARY ACTION UNLESS THE APPROPRIATE SCHOOL  
42 OFFICIAL HAS INVESTIGATED AND DETERMINED THAT THE REPORTED INCIDENTS OF  
43 HARASSMENT, INTIMIDATION OR BULLYING OCCURRED.

44 (e) A formal process for the investigation by the appropriate school  
45 officials of suspected incidents of harassment, intimidation or bullying.

46 (f) Disciplinary procedures for pupils who have admitted or been found  
47 to have committed incidents of harassment, intimidation or bullying.

48 (g) A procedure that sets forth consequences for submitting false  
49 reports of incidents of harassment, intimidation or bullying.

1           ~~41-~~ 38. Prescribe and enforce policies and procedures regarding  
2 changing or adopting attendance boundaries that include the following  
3 components:

4           (a) A procedure for holding public meetings to discuss attendance  
5 boundary changes or adoptions that allows public comments.

6           (b) A procedure to notify the parents or guardians of the students  
7 affected.

8           (c) A procedure to notify the residents of the households affected by  
9 the attendance boundary changes.

10          (d) A process for placing public meeting notices and proposed maps on  
11 the school district's website for public review, if the school district  
12 maintains a website.

13          (e) A formal process for presenting the attendance boundaries of the  
14 affected area in public meetings that allows public comments.

15          (f) A formal process for notifying the residents and parents or  
16 guardians of the affected area as to the decision of the governing board on  
17 the school district's website, if the school district maintains a website.

18          (g) A formal process for updating attendance boundaries on the school  
19 district's website within ninety days of an adopted boundary change. The  
20 school district shall send a direct link to the school district's attendance  
21 boundaries website to the department of real estate.

22          (h) If the land that a school was built on was donated within the past  
23 five years, a formal process to notify the entity that donated the land  
24 affected by the decision of the governing board.

25           ~~42-~~ 39. If the state board of education determines that the school  
26 district has committed an overexpenditure as defined in section 15-107,  
27 provide a copy of the fiscal management report submitted pursuant to section  
28 15-107, subsection H on its website and make copies available to the public  
29 on request. The school district shall comply with a request within five  
30 business days after receipt.

31           B. Notwithstanding subsection A, paragraphs ~~8-~~ 7, ~~10~~ 9 and ~~12~~ 11 of  
32 this section, the county school superintendent may construct, improve and  
33 furnish school buildings or purchase or sell school sites in the conduct of  
34 an accommodation school.

35           C. If any school district acquires real or personal property, whether  
36 by purchase, exchange, condemnation, gift or otherwise, the governing board  
37 shall pay to the county treasurer any taxes on the property that were unpaid  
38 as of the date of acquisition, including penalties and interest. The lien  
39 for unpaid delinquent taxes, penalties and interest on property acquired by a  
40 school district:

41           1. Is not abated, extinguished, discharged or merged in the title to  
42 the property.

43           2. Is enforceable in the same manner as other delinquent tax liens.

44           D. The governing board may not locate a school on property that is  
45 less than one-fourth mile from agricultural land regulated pursuant to  
46 section 3-365, except that the owner of the agricultural land may agree to  
47 comply with the buffer zone requirements of section 3-365. If the owner  
48 agrees in writing to comply with the buffer zone requirements and records the  
49 agreement in the office of the county recorder as a restrictive covenant

1 running with the title to the land, the school district may locate a school  
2 within the affected buffer zone. The agreement may include any stipulations  
3 regarding the school, including conditions for future expansion of the school  
4 and changes in the operational status of the school that will result in a  
5 breach of the agreement.

6 E. A school district, its governing board members, its school council  
7 members and its employees are immune from civil liability for the  
8 consequences of adoption and implementation of policies and procedures  
9 pursuant to subsection A of this section and section 15-342. This waiver  
10 does not apply if the school district, its governing board members, its  
11 school council members or its employees are guilty of gross negligence or  
12 intentional misconduct.

13 F. A governing board may delegate in writing to a superintendent,  
14 principal or head teacher the authority to prescribe procedures that are  
15 consistent with the governing board's policies.

16 G. Notwithstanding any other provision of this title, a school  
17 district governing board shall not take any action that would result in an  
18 immediate reduction or a reduction within three years of pupil square footage  
19 that would cause the school district to fall below the minimum adequate gross  
20 square footage requirements prescribed in section 15-2011, subsection C,  
21 unless the governing board notifies the school facilities board established  
22 by section 15-2001 of the proposed action and receives written approval from  
23 the school facilities board to take the action. A reduction includes an  
24 increase in administrative space that results in a reduction of pupil square  
25 footage or sale of school sites or buildings, or both. A reduction includes  
26 a reconfiguration of grades that results in a reduction of pupil square  
27 footage of any grade level. This subsection does not apply to temporary  
28 reconfiguration of grades to accommodate new school construction if the  
29 temporary reconfiguration does not exceed one year. The sale of equipment  
30 that results in an immediate reduction or a reduction within three years that  
31 falls below the equipment requirements prescribed in section 15-2011,  
32 subsection B is subject to commensurate withholding of school district  
33 capital outlay revenue limit monies pursuant to the direction of the school  
34 facilities board. Except as provided in section 15-342, paragraph 10,  
35 proceeds from the sale of school sites, buildings or other equipment shall be  
36 deposited in the school plant fund as provided in section 15-1102.

37 H. Subsections C through G of this section apply to a county board of  
38 supervisors and a county school superintendent when operating and  
39 administering an accommodation school.

40 ~~I. Until the state board of education and the auditor general adopt~~  
41 ~~rules pursuant to section 15-213, subsection I, a school district may procure~~  
42 ~~construction services, including services for new school construction~~  
43 ~~pursuant to section 15-2041, by the construction manager at risk,~~  
44 ~~design build and job order contracting methods of project delivery as~~  
45 ~~provided in title 41, chapter 23, except that the rules adopted by the~~  
46 ~~director of the department of administration do not apply to procurements~~  
47 ~~pursuant to this subsection. Any procurement commenced pursuant to this~~  
48 ~~subsection may be completed pursuant to this subsection.~~

1           Sec. 10. Section 15-342, Arizona Revised Statutes, is amended to read:  
2           15-342. Discretionary powers

3           The governing board may:

- 4           1. Expel pupils for misconduct.  
5           2. Exclude from grades one through eight children under six years of  
6           age.  
7           3. Make such separation of groups of pupils as it deems advisable.  
8           4. Maintain such special schools during vacation as deemed necessary  
9           for the benefit of the pupils of the school district.

10           5. Permit a superintendent or principal or representatives of the  
11           superintendent or principal to travel for a school purpose, as determined by  
12           a majority vote of the board. The board may permit members and members-elect  
13           of the board to travel within or without the school district for a school  
14           purpose and receive reimbursement. Any expenditure for travel and  
15           subsistence pursuant to this paragraph shall be as provided in title 38,  
16           chapter 4, article 2. The designated post of duty referred to in section  
17           38-621 shall be construed, for school district governing board members, to be  
18           the member's actual place of residence, as opposed to the school district  
19           office or the school district boundaries. Such expenditures shall be a  
20           charge against the budgeted school district funds. The governing board of a  
21           school district shall prescribe procedures and amounts for reimbursement of  
22           lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
23           maximum amounts established pursuant to section 38-624, subsection C.

24           6. Construct or provide in rural districts housing facilities for  
25           teachers and other school employees which the board determines are necessary  
26           for the operation of the school.

27           7. Sell or lease to the state, a county, a city or a tribal government  
28           agency, ~~any~~ school property required for a public purpose, provided the sale  
29           or lease of the property will not affect the normal operations of a school  
30           within the school district.

31           8. Annually budget and expend funds for membership in an association  
32           of school districts within this state.

33           9. Enter into leases or lease-purchase agreements for school buildings  
34           or grounds, or both, as lessor or as lessee, for periods of less than five  
35           years subject to voter approval for construction of school buildings as  
36           prescribed in section 15-341, subsection A, paragraph ~~8~~ 7.

37           10. Subject to chapter 16 of this title, sell school sites or enter  
38           into leases or lease-purchase agreements for school buildings and grounds, as  
39           lessor or as lessee, for a period of five years or more, but not to exceed  
40           ninety-nine years, if authorized by a vote of the school district electors in  
41           an election called by the governing board as provided in section 15-491,  
42           except that authorization by the school district electors in an election is  
43           not required if one of the following requirements is met:

44           (a) The market value of the school property is less than fifty  
45           thousand dollars.

46           (b) The buildings and sites are completely funded with monies  
47           distributed by the school facilities board.

48           (c) The transaction involves the sale of improved or unimproved  
49           property pursuant to an agreement with the school facilities board in which

1 the school district agrees to sell the improved or unimproved property and  
2 transfer the proceeds of the sale to the school facilities board in exchange  
3 for monies from the school facilities board for the acquisition of a more  
4 suitable school site. For a sale of property acquired by a school district  
5 prior to July 9, 1998, a school district shall transfer to the school  
6 facilities board that portion of the proceeds that equals the cost of the  
7 acquisition of a more suitable school site. If there are any remaining  
8 proceeds after the transfer of monies to the school facilities board, a  
9 school district shall only use those remaining proceeds for future land  
10 purchases approved by the school facilities board, or for capital  
11 improvements not funded by the school facilities board for any existing or  
12 future facility.

13 (d) The transaction involves the sale of improved or unimproved  
14 property pursuant to a formally adopted plan and the school district uses the  
15 proceeds of this sale to purchase other property that will be used for  
16 similar purposes as the property that was originally sold, provided that the  
17 sale proceeds of the improved or unimproved property are used within two  
18 years after the date of the original sale to purchase the replacement  
19 property. If the sale proceeds of the improved or unimproved property are  
20 not used within two years after the date of the original sale to purchase  
21 replacement property, the sale proceeds shall be used towards payment of any  
22 outstanding bonded indebtedness. If any sale proceeds remain after paying  
23 for outstanding bonded indebtedness, or if the district has no outstanding  
24 bonded indebtedness, sale proceeds shall be used to reduce the district's  
25 primary tax levy. A school district shall not use ~~the provisions of~~ this  
26 subdivision unless all of the following conditions exist:

27 (i) The school district is the sole owner of the improved or  
28 unimproved property that the school district intends to sell.

29 (ii) The school district did not purchase the improved or unimproved  
30 property that the school district intends to sell with monies that were  
31 distributed pursuant to chapter 16 of this title.

32 (iii) The transaction does not violate section 15-341, subsection G.

33 11. Review the decision of a teacher to promote a pupil to a grade or  
34 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
35 course in high school. The pupil has the burden of proof to overturn the  
36 decision of a teacher to promote, retain, pass or fail the pupil. In order  
37 to sustain the burden of proof, the pupil shall demonstrate to the governing  
38 board that the pupil has mastered the academic standards adopted by the state  
39 board of education pursuant to sections 15-701 and 15-701.01. If the  
40 governing board overturns the decision of a teacher pursuant to this  
41 paragraph, the governing board shall adopt a written finding that the pupil  
42 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
43 article 3.1, the governing board shall review the decision of a teacher to  
44 promote a pupil to a grade or retain a pupil in a grade in a common school or  
45 to pass or fail a pupil in a course in high school in executive session  
46 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
47 disagrees that the review should be conducted in executive session and then  
48 the review shall be conducted in an open meeting. If the review is conducted  
49 in executive session, the board shall notify the teacher of the date, time

1 and place of the review and shall allow the teacher to be present at the  
2 review. If the teacher is not present at the review, the board shall consult  
3 with the teacher before making its decision. Any request, including the  
4 written request as provided in section 15-341, the written evidence presented  
5 at the review and the written record of the review, including the decision of  
6 the governing board to accept or reject the teacher's decision, shall be  
7 retained by the governing board as part of its permanent records.

8 12. Provide transportation or site transportation loading and unloading  
9 areas for any child or children if deemed for the best interest of the  
10 district, whether within or without the district, county or state.

11 13. Enter into intergovernmental agreements and contracts with school  
12 districts or other governing bodies as provided in section 11-952.  
13 INTERGOVERNMENTAL AGREEMENTS AND CONTRACTS BETWEEN SCHOOL DISTRICTS OR  
14 BETWEEN A SCHOOL DISTRICT AND OTHER GOVERNING BODIES AS PROVIDED IN SECTION  
15 11-952 ARE EXEMPT FROM COMPETITIVE BIDDING UNDER THE PROCUREMENT RULES  
16 ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-213.

17 14. Include in the curricula which it prescribes for high schools in  
18 the school district career and technical education, vocational education and  
19 technology education programs and career and technical, vocational and  
20 technology program improvement services for the high schools, subject to  
21 approval by the state board of education. The governing board may contract  
22 for the provision of career and technical, vocational and technology  
23 education as provided in section 15-789.

24 15. Suspend a teacher or administrator from the teacher's or  
25 administrator's duties without pay for a period of time of not to exceed ten  
26 school days, if the board determines that suspension is warranted pursuant to  
27 section 15-341, subsection A, paragraphs ~~23 and 24~~ 21 AND 22.

28 16. Dedicate school property within an incorporated city or town to  
29 such city or town or within a county to that county for use as a public  
30 right-of-way if both of the following apply:

31 (a) Pursuant to an ordinance adopted by such city, town or county,  
32 there will be conferred upon the school district privileges and benefits  
33 which may include benefits related to zoning.

34 (b) The dedication will not affect the normal operation of any school  
35 within the district.

36 17. Enter into option agreements for the purchase of school sites.

37 18. Donate surplus or outdated learning materials to nonprofit  
38 community organizations where the governing board determines that the  
39 anticipated cost of selling the learning materials equals or exceeds the  
40 estimated market value of the materials.

41 19. Prescribe policies for the assessment of reasonable fees for  
42 students to use district-provided parking facilities. The fees are to be  
43 applied by the district solely against costs incurred in operating or  
44 securing the parking facilities. Any policy adopted by the governing board  
45 pursuant to this paragraph shall include a fee waiver provision in  
46 appropriate cases of need or economic hardship.

47 20. Establish alternative educational programs that are consistent with  
48 the laws of this state to educate pupils, including pupils who have been  
49 reassigned pursuant to section 15-841, subsection E or F.

1           21. Require a period of silence to be observed at the commencement of  
2 the first class of the day in the schools. If a governing board chooses to  
3 require a period of silence to be observed, the teacher in charge of the room  
4 in which the first class is held shall announce that a period of silence not  
5 to exceed one minute in duration will be observed for meditation, and during  
6 that time no activities shall take place and silence shall be maintained.

7           22. Require students to wear uniforms.

8           23. Exchange unimproved property or improved property, including school  
9 sites, where the governing board determines that the improved property is  
10 unnecessary for the continued operation of the school district without  
11 requesting authorization by a vote of the school district electors if the  
12 governing board determines that the exchange is necessary to protect the  
13 health, safety or welfare of pupils or when the governing board determines  
14 that the exchange is based on sound business principles for either:

15           (a) Unimproved or improved property of equal or greater value.

16           (b) Unimproved property that the owner contracts to improve if the  
17 value of the property ultimately received by the school district is of equal  
18 or greater value.

19           24. For common and high school pupils, assess reasonable fees for  
20 optional extracurricular activities and programs conducted when the common or  
21 high school is not in session, except that no fees shall be charged for  
22 pupils' access to or use of computers or related materials. For high school  
23 pupils, the governing board may assess reasonable fees for fine arts and  
24 vocational education courses and for optional services, equipment and  
25 materials offered to the pupils beyond those required to successfully  
26 complete the basic requirements of any other course, except that no fees  
27 shall be charged for pupils' access to or use of computers or related  
28 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
29 public meeting after notice has been given to all parents of pupils enrolled  
30 at schools in the district and shall not exceed the actual costs of the  
31 activities, programs, services, equipment or materials. The governing board  
32 shall authorize principals to waive the assessment of all or part of a fee  
33 assessed pursuant to this paragraph if it creates an economic hardship for a  
34 pupil. For the purposes of this paragraph, "extracurricular activity" means  
35 any optional, noncredit, educational or recreational activity which  
36 supplements the education program of the school, whether offered before,  
37 during or after regular school hours.

38           25. Notwithstanding section 15-341, subsection A, paragraphs ~~8 and 10~~  
39 ~~7 AND 9~~, construct school buildings and purchase or lease school sites,  
40 without a vote of the school district electors, if the buildings and sites  
41 are totally funded from one or more of the following:

42           (a) Monies in the unrestricted capital outlay fund, except that the  
43 estimated cost shall not exceed two hundred fifty thousand dollars for a  
44 district that utilizes ~~the provisions of~~ section 15-949.

45           (b) Monies distributed from the school facilities board established by  
46 section 15-2001.

47           (c) Monies specifically donated for the purpose of constructing school  
48 buildings.

1 Nothing in this paragraph shall be construed to eliminate the requirement for  
2 an election to raise revenues for a capital outlay override pursuant to  
3 section 15-481 or a bond election pursuant to section 15-491.

4 26. Conduct a background investigation that includes a fingerprint  
5 check conducted pursuant to section 41-1750, subsection G for certificated  
6 personnel and personnel who are not paid employees of the school district, as  
7 a condition of employment. A school district may release the results of a  
8 background check to another school district for employment purposes. The  
9 school district may charge the costs of fingerprint checks to its  
10 fingerprinted employee, except that the school district may not charge the  
11 costs of fingerprint checks for personnel who are not paid employees of the  
12 school district.

13 27. Sell advertising space on the exterior of school buses AND ON  
14 ATHLETIC FACILITIES as follows:

15 (a) Advertisements shall be age appropriate and not contain promotion  
16 of any substance that is illegal for minors, such as alcohol, tobacco and  
17 drugs, or gambling. Advertisements shall comply with the state sex education  
18 policy of abstinence.

19 (b) Advertising approved by the governing board may appear only on the  
20 sides of the bus in the following areas:

21 (i) The signs shall be below the seat level rub rail and not extend  
22 above the bottom of the side windows.

23 (ii) The signs shall be at least three inches from any required  
24 lettering, lamp, wheel well or reflector behind the service door or stop  
25 signal arm.

26 (iii) The signs shall not extend from the body of the bus so as to  
27 allow a handhold or present a danger to pedestrians.

28 (iv) The signs shall not interfere with the operation of any door or  
29 window.

30 (v) The signs shall not be placed on any emergency doors.

31 (c) THE SCHOOL DISTRICT SHALL establish ~~a school bus~~ AN advertisement  
32 fund that is ~~comprised~~ COMPOSED of revenues from the sale of advertising  
33 space on school buses AND ATHLETIC FACILITIES. The monies in ~~a school bus~~ AN  
34 advertisement fund are not subject to reversion. ~~and shall be used for the~~  
35 ~~following purposes:~~

36 ~~(i) To comply with the energy conservation measures prescribed in~~  
37 ~~section 15-349 in school districts that are in area A as defined in section~~  
38 ~~49-541, and any remaining monies shall be used to purchase alternative fuel~~  
39 ~~support vehicles and any other pupil related costs as determined by the~~  
40 ~~governing board.~~

41 ~~(ii) For any pupil related costs as determined by the governing board~~  
42 ~~in school districts not subject to the provisions of item (i) of this~~  
43 ~~subdivision.~~

44 28. Assess reasonable damage deposits to pupils in grades seven through  
45 twelve for the use of textbooks, musical instruments, band uniforms or other  
46 equipment required for academic courses. The governing board shall adopt  
47 policies on any damage deposits assessed pursuant to this paragraph at a  
48 public meeting called for this purpose after providing notice to all parents  
49 of pupils in grades seven through twelve in the school district. Principals

1 of individual schools within the district may waive the damage deposit  
2 requirement for any textbook or other item if the payment of the damage  
3 deposit would create an economic hardship for the pupil. The school district  
4 shall return the full amount of the damage deposit for any textbook or other  
5 item if the pupil returns the textbook or other item in reasonably good  
6 condition within the time period prescribed by the governing board. For the  
7 purposes of this paragraph, "in reasonably good condition" means the textbook  
8 or other item is in the same or a similar condition as it was when the pupil  
9 received it, plus ordinary wear and tear.

10 29. Notwithstanding section 15-1105, expend surplus monies in the civic  
11 center school fund for maintenance and operations or unrestricted capital  
12 outlay, if sufficient monies are available in the fund after meeting the  
13 needs of programs established pursuant to section 15-1105.

14 30. Notwithstanding section 15-1143, expend surplus monies in the  
15 community school program fund for maintenance and operations or unrestricted  
16 capital outlay, if sufficient monies are available in the fund after meeting  
17 the needs of programs established pursuant to section 15-1142.

18 31. Adopt guidelines for standardization of the format of the school  
19 report cards required by section 15-746 for schools within the district.

20 32. Adopt policies that require parental notification when a law  
21 enforcement officer interviews a pupil on school grounds. Policies adopted  
22 pursuant to this paragraph shall not impede a peace officer from the  
23 performance of the peace officer's duties. If the school district governing  
24 board adopts a policy that requires parental notification:

25 (a) The policy may provide reasonable exceptions to the parental  
26 notification requirement.

27 (b) The policy shall set forth whether and under what circumstances a  
28 parent may be present when a law enforcement officer interviews the pupil,  
29 including reasonable exceptions to the circumstances under which a parent may  
30 be present when a law enforcement officer interviews the pupil, and shall  
31 specify a reasonable maximum time after a parent is notified that an  
32 interview of a pupil by a law enforcement officer may be delayed to allow the  
33 parent to be present.

34 33. Enter into voluntary partnerships with any party to finance with  
35 funds other than school district funds and cooperatively design school  
36 facilities that comply with the adequacy standards prescribed in section  
37 15-2011 and the square footage per pupil requirements pursuant to section  
38 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
39 location of any such school facility shall be submitted to the school  
40 facilities board for approval pursuant to section 15-2041, subsection 0. If  
41 the school facilities board approves the design plans and location of any  
42 such school facility, the party in partnership with the school district may  
43 cause to be constructed and the district may begin operating the school  
44 facility before monies are distributed from the school facilities board  
45 pursuant to section 15-2041. Monies distributed from the new school  
46 facilities fund to a school district in a partnership with another party to  
47 finance and design the school facility shall be paid to the school district  
48 pursuant to section 15-2041. The school district shall reimburse the party  
49 in partnership with the school district from the monies paid to the school

1 district pursuant to section 15-2041, in accordance with the voluntary  
2 partnership agreement. Before the school facilities board distributes any  
3 monies pursuant to this subsection, the school district shall demonstrate to  
4 the school facilities board that the facilities to be funded pursuant to  
5 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
6 in section 15-2011. If the cost to construct the school facility exceeds the  
7 amount that the school district receives from the new school facilities fund,  
8 the partnership agreement between the school district and the other party  
9 shall specify that, except as otherwise provided by the other party, any such  
10 excess costs shall be the responsibility of the school district. The school  
11 district governing board shall adopt a resolution in a public meeting that AN  
12 analysis has been conducted on the prospective effects of the decision to  
13 operate a new school with existing monies from the school district's  
14 maintenance and operations budget and how this decision may affect other  
15 schools in the school district. If a school district acquires land by  
16 donation at an appropriate school site approved by the school facilities  
17 board and a school facility is financed and built on the land pursuant to  
18 this paragraph, the school facilities board shall distribute an amount equal  
19 to twenty per cent of the fair market value of the land that can be used for  
20 academic purposes. The school district shall place the monies in the  
21 unrestricted capital outlay fund and increase the unrestricted capital budget  
22 limit by the amount of the monies placed in the fund. Monies distributed  
23 under this paragraph shall be distributed from the new school facilities fund  
24 pursuant to section 15-2041. If a school district acquires land by donation  
25 at an appropriate school site approved by the school facilities board and a  
26 school facility is financed and built on the land pursuant to this paragraph,  
27 the school district shall not receive monies from the school facilities board  
28 for the donation of real property pursuant to section 15-2041, subsection F.  
29 It is unlawful for:

30 (a) A county, city or town to require as a condition of any land use  
31 approval that a landowner or landowners that entered into a partnership  
32 pursuant to this paragraph provide any contribution, donation or gift, other  
33 than a site donation, to a school district. This subdivision only applies to  
34 the property in the voluntary partnership agreement pursuant to this  
35 paragraph.

36 (b) A county, city or town to require as a condition of any land use  
37 approval that the landowner or landowners located within the geographic  
38 boundaries of the school subject to the voluntary partnership pursuant to  
39 this paragraph provide any donation or gift to the school district except as  
40 provided in the voluntary partnership agreement pursuant to this paragraph.

41 (c) A community facilities district established pursuant to title 48,  
42 chapter 4, article 6 to be used for reimbursement of financing the  
43 construction of a school pursuant to this paragraph.

44 (d) ~~For~~ A school district to enter into an agreement pursuant to this  
45 paragraph with any party other than a master planned community party. Any  
46 land area consisting of at least three hundred twenty acres that is the  
47 subject of a development agreement with a county, city or town entered into  
48 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
49 planned community. For the purposes of this subdivision, "master planned

1 community" means a land area consisting of at least three hundred twenty  
2 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
3 approved by the governing body of the county, city or town in which the land  
4 is located that establishes the use of the land area as a planned area  
5 development or district, planned community development or district, planned  
6 unit development or district or other land use category or district that is  
7 recognized in the local ordinance of such county, city or town and that  
8 specifies the use of such land is for a master planned development.

9 34. SELL ADVERTISING ON THE SCHOOL DISTRICT WEBSITE OR ANY WEBSITE  
10 MAINTAINED BY A SCHOOL IN THE SCHOOL DISTRICT AS FOLLOWS:

11 (a) ADVERTISEMENTS SHALL BE AGE APPROPRIATE AND NOT CONTAIN PROMOTION  
12 OF ANY SUBSTANCE THAT IS ILLEGAL FOR MINORS, SUCH AS ALCOHOL, TOBACCO AND  
13 DRUGS, OR GAMBLING. ADVERTISEMENTS SHALL COMPLY WITH THE STATE SEX EDUCATION  
14 POLICY OF ABSTINENCE. THE GOVERNING BOARD HAS DISCRETION TO DECLINE SPECIFIC  
15 ADVERTISEMENTS.

16 (b) THE SCHOOL DISTRICT SHALL ESTABLISH A WEBSITE ADVERTISEMENT FUND  
17 THAT IS COMPOSED OF REVENUES FROM THE SALE OF ADVERTISING ON THE SCHOOL  
18 DISTRICT WEBSITE OR ANY WEBSITE MAINTAINED BY A SCHOOL IN THE SCHOOL  
19 DISTRICT. THE MONIES IN A WEBSITE ADVERTISEMENT FUND ARE NOT SUBJECT TO  
20 REVERSION AND SHALL BE USED FOR ANY PUPIL RELATED COSTS AS DETERMINED BY THE  
21 GOVERNING BOARD.

22 Sec. 11. Section 15-481, Arizona Revised Statutes, is amended to read:

23 15-481. Override election; budget increases; notice; ballot;  
24 effect

25 A. If a proposed budget of a school district exceeds the aggregate  
26 budget limit for the budget year, at least ninety days before the proposed  
27 election the governing board shall order an override election to be held on  
28 the first Tuesday following the first Monday in November as prescribed by  
29 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of  
30 presenting the proposed budget to the qualified electors of the school  
31 district who ~~shall~~ by a majority of those voting either SHALL affirm or  
32 reject the budget. In addition, the governing board shall prepare an  
33 alternate budget which does not include an increase in the budget of more  
34 than the amount permitted as provided in section 15-905. If the qualified  
35 electors approve the proposed budget, the governing board of the school  
36 district shall follow the procedures prescribed in section 15-905 for  
37 adopting a budget that includes the authorized increase. If the qualified  
38 electors disapprove the proposed budget, the governing board shall follow the  
39 procedures prescribed in section 15-905 for adopting a budget that does not  
40 include the proposed increase or the portion of the proposed increase that  
41 exceeds the amount authorized by a previously approved budget increase as  
42 prescribed in subsection P of this section.

43 B. The county school superintendent shall prepare an informational  
44 report on the proposed increase in the budget and a sample ballot and, at  
45 least forty days prior to the election, shall transmit the report and the  
46 sample ballot to the governing board of the school district. The governing  
47 board, upon receipt of the report and the ballot, shall mail or distribute  
48 the report and the ballot to the households in which qualified electors  
49 reside within the school district at least thirty-five days prior to the

1 election. Any distribution of material concerning the proposed increase in  
2 the budget shall not be conducted by children enrolled in the school  
3 district. The report shall contain the following information:

4 1. The date of the election.  
5 2. The voter's polling place and the times it is open.  
6 3. The proposed total increase in the budget which exceeds the amount  
7 permitted pursuant to section 15-905.

8 4. The total amount of the current year's budget, the total amount of  
9 the proposed budget and the total amount of the alternate budget.

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

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

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

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

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

46 10. A statement that the alternate budget shall be adopted by the  
47 governing board if the proposed budget is not adopted by the qualified  
48 electors of the school district.

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

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

7           (b) An owner-occupied residence whose assessed valuation is one-half  
8 of the assessed valuation of the residence in subdivision (a) of this  
9 paragraph.

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

12           (d) A business whose assessed valuation is the average of the assessed  
13 valuation of property classified as class one, as prescribed by section  
14 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

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

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

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

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

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

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

32           1. The amount of the proposed increase of the proposed budget over the  
33 alternate budget.

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

37           3. The following statement:

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

44           G. Except as provided in subsection H of this section, the maximum  
45 budget increase which may be requested and authorized as provided in  
46 subsection E or F of this section or the combination of subsections E and F  
47 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as  
48 provided in section 15-947, subsection A for the budget year. IF A SCHOOL  
49 DISTRICT REQUESTS AN OVERRIDE PURSUANT TO SECTION 15-482 OR TO CONTINUE WITH

A BUDGET OVERRIDE PURSUANT TO SECTION 15-482 FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE THAT WAS AUTHORIZED BEFORE DECEMBER 31, 2008, THE MAXIMUM BUDGET INCREASE THAT MAY BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION E OR F OF THIS SECTION OR THE COMBINATION OF SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF THE REVENUE CONTROL LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE BUDGET YEAR.

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

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

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

(i)

Student	Small School	Support Level Weight	Phase Down
<u>Count</u>	<u>Student</u>	for Small Isolated	Reduction
<u>        </u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Factor</u>
<u>        </u>	- <u>125</u>	x 1.358 + (0.0005 x	x \$ <u>        </u> = \$ <u>        </u>
		(500 - Student Count))	

Phase Down	Phase Down	Small Isolated
<u>Base</u>	<u>Reduction Factor</u>	School District
\$150,000	- \$ <u>        </u>	<u>Elementary Limit</u>
	=	\$ <u>        </u>

(ii)

Student	Small School	Support Level Weight	Phase Down
<u>Count</u>	<u>Student</u>	for Small	Reduction
<u>        </u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Factor</u>
<u>        </u>	- <u>125</u>	x 1.278 + (0.0003 x	x \$ <u>        </u> = \$ <u>        </u>
		(500 - Student Count))	

Phase Down	Phase Down	Small
<u>Base</u>	<u>Reduction Factor</u>	School District
\$150,000	- \$ <u>        </u>	<u>Elementary Limit</u>
	=	\$ <u>        </u>

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

(i)

Student	Small School	Support Level Weight	Phase Down
<u>Count</u>	<u>Student</u>	for Small Isolated	Reduction
<u>        </u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Factor</u>
<u>        </u>	- <u>100</u>	x 1.468 + (0.0005 x	x \$ <u>        </u> = \$ <u>        </u>
		(500 - Student Count))	

Phase Down	Phase Down	Small Isolated
		District

1		<u>Base</u>		<u>Reduction Factor</u>		<u>Secondary Limit</u>
2		\$350,000	-	\$	=	\$
3		(ii)				
4		Small School		Support Level Weight		Phase Down
5	Student	Student		for Small		Reduction
6	<u>Count</u>	<u>Count Limit</u>		<u>School Districts</u>		<u>Base Level</u> <u>Factor</u>
7		- 100	x	1.398 + (0.0004 x	x	\$ = \$
8				(500 - Student Count))		
9						Small
10		Phase Down		Phase Down		Small School District
11		<u>Base</u>		<u>Reduction Factor</u>		<u>Secondary Limit</u>
12		\$350,000	-	\$	=	\$

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

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

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

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

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

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

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

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

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

32 K. The maximum budget increase that may be requested and authorized as  
33 provided in subsection I or J of this section, or a combination of both of  
34 these subsections, is five per cent of the revenue control limit as provided  
35 in section 15-947, subsection A for the budget year. For ~~a unified school~~  
36 ~~district,~~ a common school district not within a high school district or a  
37 common school district within a high school district that offers instruction  
38 in high school subjects as provided in section 15-447, five per cent of the  
39 revenue control limit means five per cent of the revenue control limit  
40 attributable to the weighted student count in preschool programs for children  
41 with disabilities, kindergarten programs and grades one through eight as  
42 provided in section 15-971, subsection B. FOR A UNIFIED SCHOOL DISTRICT,  
43 FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE  
44 CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL  
45 PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE  
46 THROUGH TWELVE. FOR A UNION HIGH SCHOOL DISTRICT, FIVE PER CENT OF THE  
47 REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE CONTROL LIMIT  
48 ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

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

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

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

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

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

45 O. If the election provides for a levy of taxes on the taxable  
46 property within the school district, at least thirty days prior to the  
47 election, the department of revenue shall provide the school district  
48 governing board and the county school superintendent with an estimate of the  
49 school district's assessed valuation used for secondary property tax purposes

1 for the ensuing fiscal year. The governing board and the county school  
2 superintendent shall use this estimate to translate the amount of the  
3 proposed dollar increase in the budget of the school district over that  
4 allowed by law into a tax rate figure.

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

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

34 2. Is for five years or more, the proposed increase is equal to the  
35 initial proposed percentage increase in the following years of the proposed  
36 increase, except that in the next to last year it is two-thirds of the  
37 initial proposed percentage increase and it is one-third of the initial  
38 proposed percentage increase in the last year of the proposed increase.

39 Q. If the voters in a school district vote to adopt a budget in excess  
40 of the revenue control limit as provided in subsection I or J of this  
41 section, any additional increase shall be included in the aggregate budget  
42 limit for each of the years authorized. Any additional increase shall be  
43 excluded from the determination of equalization assistance. The school  
44 district governing board, however, may levy on the assessed valuation used  
45 for secondary property tax purposes of the property in the school district  
46 the additional increase if adopted under subsection I of this section for the  
47 period of one year, two years or five through seven years as authorized. If  
48 an additional increase is approved as provided in subsection J of this  
49 section, the increase may only be budgeted and expended if sufficient monies

1 are available in the maintenance and operation fund of the school district.  
2 If a budget increase was previously authorized and will be in effect for the  
3 budget year or budget year and subsequent years, as provided in subsection I  
4 or J of this section, the governing board may request a new budget increase  
5 as provided in the same subsection under which the prior budget increase was  
6 adopted that does not exceed the maximum amount permitted under subsection K  
7 of this section. If the voters in the school district authorize the new  
8 budget increase amount, the existing budget increase no longer is in effect.  
9 If the voters in the school district do not authorize the budget increase  
10 amount, the existing budget increase remains in effect for the time period  
11 for which it was authorized. The maximum additional increase authorized as  
12 provided in subsection I or J of this section and the additional increase  
13 that is included in the aggregate budget limit is based on a percentage of a  
14 school district's revenue control limit in future years, if the budget  
15 increase is authorized for more than one year. If the additional increase:

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

18 2. Is for five years or more, the proposed increase is equal to the  
19 initial proposed percentage increase in the following years of the proposed  
20 increase, except that in the next to last year it is two-thirds of the  
21 initial proposed percentage increase and it is one-third of the initial  
22 proposed percentage increase in the last year of the proposed increase.

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

35 S. If the voters in a school district vote to adopt a budget in excess  
36 of the capital outlay revenue limit as provided in subsection M of this  
37 section, any additional increase shall be included in the aggregate budget  
38 limit for each of the years authorized. The additional increase shall be  
39 excluded from the determination of equalization assistance. The school  
40 district governing board may only use revenues derived from the school  
41 district's prior year's maintenance and operation fund ending cash balance  
42 and capital outlay fund ending cash balance to fund the additional increase  
43 for the period authorized but not to exceed ten years. For overrides  
44 approved by a vote of the qualified electors of the school district at an  
45 election held from and after October 31, 1998, the period of the additional  
46 increase prescribed in this subsection shall not exceed seven years for any  
47 capital override election.

48 T. In addition to subsections P and S of this section, from the  
49 maintenance and operation fund and capital outlay fund ending cash balances,

1 the school district governing board shall first use any available revenues to  
2 reduce its primary tax rate to zero and shall use any remaining revenues to  
3 fund the additional increase authorized as provided in subsections F and M of  
4 this section.

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

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

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

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

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

22 \_\_\_\_\_ school district is proposing to increase its  
23 budget by \$\_\_\_\_\_ to fund capital improvements over and above  
24 those funded by the state. Under the students first capital  
25 funding system, \_\_\_\_\_ school district is entitled to state  
26 monies for building renewal, new construction and renovation of  
27 school buildings in accordance with state law.

28 2. The ballot shall contain the words "budget increase, yes" and  
29 "budget increase, no", and the voter shall signify the voter's desired  
30 choice.

31 3. At least eighty-five days before the election, the school district  
32 shall submit proposed ballot language to the director of the Arizona  
33 legislative council. The director of the Arizona legislative council shall  
34 review the proposed ballot language to determine whether the proposed ballot  
35 language complies with this section. If the director of the Arizona  
36 legislative council determines that the proposed ballot language does not  
37 comply with this section, the director, within ten calendar days of the  
38 receipt of the proposed ballot language, shall notify the school district of  
39 the director's objections and the school district shall resubmit revised  
40 ballot language to the director for approval.

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

47 Y. Each school district that currently increases its budget pursuant  
48 to subsection L or M of this section is required to hold a public meeting  
49 each year between September 1 and October 31 at which an update of the

1 progress of capital improvements financed through the override is discussed  
2 and at which the public is permitted an opportunity to comment. At a  
3 minimum, the update shall include a comparison of the current status and the  
4 original projections on the construction of capital improvements, the costs  
5 of capital improvements and the costs of capital improvements in progress or  
6 completed since the prior meeting and the future capital plans of the school  
7 district. The school district shall include in the public meeting a  
8 discussion of the school district's use of state capital aid and  
9 voter-approved bonding in funding capital improvements, if any.

10 Z. If a budget in excess of the capital outlay revenue limit was  
11 previously adopted by the voters in a school district and will be in effect  
12 for the budget year or budget year and subsequent years, as provided in  
13 subsection L or M of this section, the governing board may request an  
14 additional budget in excess of the capital outlay revenue limit. If the  
15 voters in a school district authorize the additional budget in excess of the  
16 capital outlay revenue limit, the existing capital outlay revenue limit  
17 budget increase remains in effect.

18 AA. NOTWITHSTANDING ANY OTHER LAW, THE MAXIMUM BUDGET INCREASE THAT  
19 MAY BE AUTHORIZED PURSUANT TO SUBSECTION L OR M OF THIS SECTION IS TEN PER  
20 CENT OF THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT.

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

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

45 CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT  
46 AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY  
47 FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE  
48 SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE  
49 CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER

1 SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE  
2 AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED  
3 BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED  
4 INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE  
5 CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF  
6 THIS SECTION AND THE FOLLOWING STATEMENT:

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

21 Sec. 12. Section 15-482, Arizona Revised Statutes, is amended to read:  
22 15-482. Special five per cent override for programs of pupils in  
23 kindergarten programs and grades one through twelve

24 A. An additional budget increase may be requested and authorized as  
25 provided in section 15-481, subsections I and J of up to five per cent of the  
26 revenue control limit as provided in subsection B of this section. ~~if the~~  
27 ~~following conditions are met:~~

28 ~~1. The school district uses a task force of educators and other~~  
29 ~~persons to develop a special program designed to improve the academic~~  
30 ~~achievement of low achieving pupils in kindergarten programs and grades one~~  
31 ~~through three, with the goal that all pupils capable of doing so will learn~~  
32 ~~the basic skills necessary for fourth grade work by the end of the third~~  
33 ~~grade.~~

34 ~~2. The amount of the proposed budget increase as provided in~~  
35 ~~subsection B of this section is for use for the special program and is to~~  
36 ~~supplement, not supplant, programs for pupils in kindergarten programs and~~  
37 ~~grades one through three which were in existence prior to the budget~~  
38 ~~increase, unless in the fiscal year prior to the fiscal year of the proposed~~  
39 ~~budget increase special programs for pupils in kindergarten programs and~~  
40 ~~grades one through three were in existence and were funded with proceeds from~~  
41 ~~the sale or lease of school property, as provided in section 15-1102.~~

42 B. The maximum amount of the budget increase requested and authorized  
43 shall not exceed the budgeted expenditures of the proposed special program  
44 for each fiscal year, not to exceed a total of five per cent of the revenue  
45 control limit for each fiscal year. ~~For a unified school district, a common~~  
46 ~~school district not within a high school district or a common school district~~  
47 ~~within a high school district that offers instruction in high school subjects~~  
48 ~~as provided in section 15-447, five per cent of the revenue control limit~~  
49 ~~means five per cent of the revenue control limit attributable to the weighted~~

1 ~~student count in preschool programs for children with disabilities,~~  
2 ~~kindergarten programs and grades one through eight as provided in section~~  
3 ~~15-971, subsection B.~~

4 C. For each fiscal year in which a budget increase of up to five per  
5 cent of the revenue control limit is authorized as provided in subsection A  
6 of this section, the governing board shall:

7 1. Utilize a separate annual special program budget on a form  
8 prescribed by the auditor general in conjunction with the department of  
9 education. The budget format shall be designed to allow a school district to  
10 plan and provide in detail for expenditures to be incurred as a result of the  
11 special program.

12 2. Prepare as a part of the school district annual financial report a  
13 detailed report of expenditures incurred as a result of the special program,  
14 in a format prescribed by the auditor general in conjunction with the  
15 department of education, as provided in section 15-904.

16 D. The special program may be designed for any or all of the pupils  
17 enrolled in kindergarten programs and grades one through ~~three~~ TWELVE and may  
18 involve efforts to remove barriers to academic achievement as well as efforts  
19 to improve instruction or increase the amount of instruction. ~~The special~~  
20 ~~program, at a minimum, shall focus on pupils who, because of innate factors,~~  
21 ~~are not succeeding in the school environment as identified by parents,~~  
22 ~~guardians or school personnel. These pupils may include, but are not limited~~  
23 ~~to, those who do not qualify for special education services, who have~~  
24 ~~measured intelligence quotients of between seventy and eighty-five or who~~  
25 ~~exhibit characteristics of attention deficit disorder or learning patterns~~  
26 ~~attributable to prenatal substance exposure.~~

27 E. During any fiscal year in which proceeds from the sale or lease of  
28 school property are used for the maintenance and operation section of the  
29 budget as provided in section 15-1102, a budget increase is in effect as  
30 provided in section 15-481, subsection E or F, or a budget increase is in  
31 effect as provided in this section, or any combination of these conditions  
32 occurs, the total amount of the proceeds and increases which may be expended  
33 is equal to fifteen per cent of the revenue control limit for that year as  
34 provided in section 15-947, subsection A, provided that the following maximum  
35 amount is attributable to any one of the conditions:

36 1. Fifteen per cent of the revenue control limit if using the proceeds  
37 from the sale or lease of school property for the maintenance and operation  
38 section of the budget as provided in section 15-1102.

39 2. ~~Ten~~ FIFTEEN per cent of the revenue control limit if using a budget  
40 increase as provided in section 15-481, subsection E or F, or both.

41 3. Five per cent of the revenue control limit if using a budget  
42 increase as provided in this section.

43 Sec. 13. Section 15-491, Arizona Revised Statutes, is amended to read:

44 15-491. Elections on school property: exceptions

45 A. The governing board of a school district may, and upon petition of  
46 fifteen per cent of the school electors as shown by the poll list at the last  
47 preceding annual school election shall, call an election for the following  
48 purposes:

49 1. To locate or change the location of school buildings.

1           2. To purchase or sell school sites or buildings or sell school sites  
2 pursuant to section 15-342 or to build school buildings, but the  
3 authorization by vote of the school district shall not necessarily specify  
4 the site to be purchased.

5           3. To decide whether the bonds of the school district shall be issued  
6 and sold for the purpose of raising money for purchasing or leasing school  
7 lots, for building or renovating school buildings, **FOR SUPPLYING SCHOOL**  
8 **BUILDINGS WITH FURNITURE, EQUIPMENT AND TECHNOLOGY**, for improving school  
9 grounds, for purchasing pupil transportation vehicles or for liquidating any  
10 indebtedness already incurred for such purposes. ~~Except as provided in~~  
11 ~~section 15-1021, subsection H, the proceeds of class B bonds or impact aid~~  
12 ~~revenue bonds shall not be used for soft capital purposes except for pupil~~  
13 ~~transportation vehicles.~~ **BONDS ISSUED FOR FURNITURE, EQUIPMENT AND**  
14 **TECHNOLOGY, OTHER THAN FIXTURES, SHALL MATURE NO LATER THAN THE JULY 1 THAT**  
15 **FOLLOWS THE FIFTH YEAR AFTER THE BONDS WERE ISSUED.** A school district shall  
16 not issue class B bonds until the school district has obligated in contract  
17 the entire proceeds of any class A bonds issued by the school district. The  
18 total amount of class A and class B bonds issued by a school district shall  
19 not exceed the debt limitations prescribed in article IX, sections 8 and 8.1,  
20 Constitution of Arizona.

21           4. To lease for five or more years, as lessor or as lessee, school  
22 buildings or grounds. Approval by a majority of the school district electors  
23 voting authorizes the governing board to negotiate for and enter into a  
24 lease. The ballot shall list the school buildings or grounds for which a  
25 lease is sought. If the governing board does not enter into a lease of five  
26 or more years of the school buildings or grounds listed on the ballot within  
27 five years of the date of the election and the board continues to seek such a  
28 lease, the governing board shall call a special election to reauthorize the  
29 board to negotiate for and to enter into a lease of five or more years.

30           B. No petition shall be required for the holding of the first election  
31 to be held in a joint common school district for any of the purposes  
32 specified in subsection A of this section. The notice of election required  
33 by section 15-492 shall be published in each of the counties which comprise  
34 the joint common school district. The certification of election results  
35 required by section 15-493 shall be made to the board of supervisors of the  
36 jurisdictional county.

37           C. When the election is called to determine whether or not bonds of  
38 the school district shall be issued and sold for the purposes enumerated in  
39 the call for the election, the question shall be submitted to the vote of the  
40 qualified electors of the school district as defined in section 15-401 and  
41 subject to section 15-402.

42           D. The governing board shall order the election to be held in the  
43 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
44 election has been filed with the governing board as provided in subsection A  
45 of this section, the board shall act upon the petition within sixty days by  
46 ordering the election to be held as provided in this subsection. If a school  
47 district bond election is scheduled for the same date a school district will  
48 hold an override election, the governing body shall deliver a copy of the  
49 notice of election and ballot to the county school superintendent who shall

1 include the notice of election and ballot with the information report and  
2 ballot prepared for the override election. Mailing of the information  
3 required for both the override and bond elections shall constitute compliance  
4 with the notice provisions of this section.

5 E. The elections to be held pursuant to this section shall only be  
6 held on dates prescribed by section 16-204, except that elections held  
7 pursuant to this section to decide whether class B bonds shall be issued, or  
8 any other obligation incurred that will require the assessment of secondary  
9 property taxes, shall only be held on the first Tuesday after the first  
10 Monday of November.

11 F. Subsection A, paragraph 2 of this section does not apply to the  
12 sale of school property if the market value of the school property is less  
13 than fifty thousand dollars.

14 G. Bond counsel fees, financial advisory fees, printing costs and  
15 paying agent and registrar fees for bonds issued pursuant to an election  
16 under this section shall be paid from either the amount authorized by the  
17 qualified electors of the school district or current operating funds. Bond  
18 election expenses shall be paid from current operating funds only.

19 H. For any election conducted to decide whether class B bonds will be  
20 issued pursuant to this section:

21 1. Except as provided in paragraph 2 of this subsection, the ballot  
22 shall include the following statement:

23 The capital improvements that are proposed to be funded  
24 through this bond issuance are to exceed the state standards and  
25 are in addition to monies provided by the state.

26 \_\_\_\_\_ school district is proposing to issue class B  
27 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
28 improvements over and above those funded by the state. Under the  
29 students first capital funding system, \_\_\_\_\_ school district  
30 is entitled to state monies for building renewal, new  
31 construction and renovation of school buildings in accordance  
32 with state law.

33 2. For a school district that is a joint technological education  
34 district, the ballot shall include the following statement:

35 \_\_\_\_\_, a joint technological education district, is  
36 proposing to issue class B general obligation bonds totaling  
37 \$\_\_\_\_\_ to fund capital improvements at a campus owned or  
38 operated and maintained by the joint technological education  
39 district.

40 3. The ballot shall contain the words "bond approval, yes" and "bond  
41 approval, no", and the voter shall signify the voter's desired choice.

42 4. The ballot shall also contain the phrase "the issuance of these  
43 bonds will result in an annual levy of property taxes sufficient to pay the  
44 debt on the bonds".

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

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

6 6. No later than thirty-five days before a class B bond election  
7 conducted pursuant to this section, the school district shall mail a  
8 publicity pamphlet to each household that contains a qualified elector in the  
9 school district. The publicity pamphlet shall contain, at a minimum, the  
10 following information:

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

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

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

20 I. For any election conducted to decide whether impact aid revenue  
21 bonds shall be issued pursuant to this section:

22 1. The ballot shall include the following statement:

23 The capital improvements that are proposed to be funded  
24 through this bond issuance are to exceed the state standards and  
25 are in addition to monies provided by the state.

26 \_\_\_\_\_ school district is proposing to issue impact aid  
27 revenue bonds totaling \$\_\_\_\_\_ to fund capital improvements  
28 over and above those funded by the state. Under the students  
29 first capital funding system, \_\_\_\_\_ school district is  
30 entitled to state monies for building renewal, new construction  
31 and renovation of school buildings in accordance with state law.

32 2. The ballot shall contain the words "bond approval, yes" and "bond  
33 approval, no", and the voter shall signify the voter's desired choice.

34 3. At least eighty-five days before the election, the school district  
35 shall submit proposed ballot language to the director of the legislative  
36 council. The director of the legislative council shall review the proposed  
37 ballot language to determine whether the proposed ballot language complies  
38 with this section. If the director of the legislative council determines  
39 that the proposed ballot language does not comply with this section, the  
40 director, within ten calendar days of the receipt of the proposed ballot  
41 language, shall notify the school district of the director's objections and  
42 the school district shall resubmit revised ballot language to the director  
43 for approval.

44 4. No later than thirty-five days before an impact aid revenue bond  
45 election conducted pursuant to this section, the school district shall mail a  
46 publicity pamphlet to each household that contains a qualified elector in the  
47 school district. The publicity pamphlet shall contain, at a minimum, the  
48 following information:

1 (a) The date of the election.

2 (b) The voter's polling place and the times it is open.

3 (c) An executive summary of the school district's most recent capital  
4 plan submitted to the school facilities board.

5 (d) A complete list of each proposed capital improvement that will be  
6 funded with the proceeds of the bonds and a description of the proposed cost  
7 of each improvement, including a separate aggregation of capital improvements  
8 for administrative purposes as defined by the school facilities board.

9 (e) A statement that impact aid revenue bonds will be fully funded by  
10 aid that the school district receives from the federal government and do not  
11 require a levy of taxes in the district.

12 (f) A statement that if the bonds are approved the first priority for  
13 the impact aid will be to pay the debt service for the bonds and that other  
14 uses of the monies are prohibited until the debt service obligation is met.

15 (g) A statement that if the impact aid revenue bonds are approved, the  
16 school district shall not issue or sell class B bonds while the district has  
17 existing indebtedness from impact aid revenue bonds, except for bonds issued  
18 to refund any bonds issued by the board.

19 J. If the voters approve the issuance of school district class B bonds  
20 or impact aid revenue bonds, the school district shall not use the bond  
21 proceeds for any purposes other than the proposed capital improvements listed  
22 in the publicity pamphlet, except that up to ten per cent of the bond  
23 proceeds may be used for general capital expenses, including cost overruns of  
24 proposed capital improvements.

25 K. Each school district that issues bonds under this section is  
26 required to hold a public meeting each year between September 1 and October  
27 31, until the bond proceeds are spent, at which an update of the progress of  
28 capital improvements financed through bonding is discussed and at which the  
29 public is permitted an opportunity to comment. At a minimum, the update  
30 shall include a comparison of the current status and the original projections  
31 on the construction of capital improvements, the costs of capital  
32 improvements and the costs of capital improvements in progress or completed  
33 since the prior meeting and the future capital bonding plans of the school  
34 district. The school district shall include in the public meeting a  
35 discussion of the school district's use of state capital aid and  
36 voter-approved capital overrides in funding capital improvements, if any.

37 Sec. 14. Section 15-502, Arizona Revised Statutes, is amended to read:

38 15-502. Employment of school district personnel; payment of  
39 wages of discharged employee

40 A. The governing board ~~may~~ at any time MAY employ and fix the salaries  
41 and benefits of employees necessary for the succeeding year. The contracts  
42 of all certificated employees shall be in writing, and all employees shall be  
43 employed subject to ~~the provisions of~~ section 38-481. The governing board  
44 may obtain the services of any employee, including teachers, substitute  
45 teachers and administrators, by contracting with a private entity that  
46 employs personnel required by the school district.

47 B. A teacher shall not be employed if the teacher has not received a  
48 certificate for teaching granted by the proper authorities. If a teacher has  
49 filed an application and completed all of the requirements for a certificate

1 but time does not allow a teacher to receive a certificate before the  
2 commencement of employment, the conditional certificate shall serve as a  
3 certificate for the payment of wages, provided that the teacher files the  
4 conditional certificate with the county school superintendent and the  
5 certificate is issued within three months of the date of commencing  
6 employment. In order to be paid wages beyond the three month period  
7 prescribed in this subsection, the teacher shall file the certificate with  
8 the county school superintendent. Any contract issued to a teacher who has  
9 completed certificate requirements but has not received a certificate shall  
10 be specifically contingent upon receipt of such a certificate. The governing  
11 board of a school district that is subject to section 15-914.01 shall adhere  
12 to the duties described in section 15-302, subsection A, paragraph 9 for  
13 purposes of this subsection.

14 C. No dependent, as defined in section 43-1001, of a governing board  
15 member may be employed in the school district in which the person to whom  
16 such dependent is so related is a governing board member, except by consent  
17 of the board.

18 D. The governing board may employ certificated teachers under contract  
19 as part-time classroom teachers. Notwithstanding any other statute, a  
20 certificated teacher who has been employed by the school district for more  
21 than the major portion of three consecutive school years does not lose the  
22 entitlement to the procedures prescribed in sections 15-538.01, 15-539  
23 through 15-544 and 15-547 if the teacher is employed under contract on a  
24 part-time basis for at least forty per cent time. ~~As used in~~ FOR THE  
25 PURPOSES OF this subsection, "forty per cent time" means employed for at  
26 least forty per cent of the school day required of full-time teachers of the  
27 same grade level or for at least forty per cent of the class load assigned to  
28 full-time teachers of the same grade level, as determined by the governing  
29 board.

30 E. THE GOVERNING BOARD MAY EMPLOY A BUSINESS MANAGER WHO HAS EXPERTISE  
31 IN FINANCE. FOR THE PURPOSES OF THIS SUBSECTION, "EXPERTISE IN FINANCE"  
32 MEANS ONE OR MORE OF THE FOLLOWING:

33 1. A BACCALAUREATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR  
34 PUBLIC FINANCE.

35 2. A GRADUATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR PUBLIC  
36 FINANCE.

37 3. OTHER FINANCE TRAINING OR FINANCE EXPERIENCE THAT THE GOVERNING  
38 BOARD DETERMINES IS SUFFICIENT TO QUALIFY THE PERSON TO ADMINISTER THE  
39 BUSINESS OPERATIONS OF THE SCHOOL DISTRICT.

40 ~~F.~~ F. Notwithstanding sections 23-351 and 23-353, if an employee is  
41 discharged from the service of a school district, the school district shall  
42 pay the wages due to the employee within ten calendar days from the date of  
43 discharge.

44 ~~F.~~ G. Each school district shall establish policies and procedures to  
45 provide teachers with personal liability insurance.

46 H. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT SHALL NOT ADOPT  
47 POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON  
48 TENURE OR SENIORITY.

1           Sec. 15. Section 15-503, Arizona Revised Statutes, is amended to read:  
2           15-503. Superintendents, principals, head teachers and school  
3           psychologists; term of employment; evaluation;  
4           contract delivery; nonretention notice

5           A. The governing board may:

6           1. Employ a superintendent or principal, or both. IF THE GOVERNING  
7           BOARD EMPLOYS A SUPERINTENDENT, THE GOVERNING BOARD SHALL DETERMINE THE  
8           QUALIFICATIONS FOR THE SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING.  
9           THE GOVERNING BOARD SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID  
10          FINGERPRINT CLEARANCE CARD THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12,  
11          ARTICLE 3.1.

12          2. Appoint a head teacher.

13          3. Jointly with another governing board employ a superintendent or a  
14          principal, or both. IF THE GOVERNING BOARD JOINTLY EMPLOYS A SUPERINTENDENT,  
15          THE GOVERNING BOARDS SHALL JOINTLY DETERMINE THE QUALIFICATIONS FOR THE  
16          SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING. THE GOVERNING BOARDS  
17          SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID FINGERPRINT CLEARANCE CARD  
18          THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

19          B. The term of employment of superintendents or principals may be for  
20          any period not exceeding three years, except that if the superintendent's or  
21          principal's contract with the school district is for multiple years pursuant  
22          to this subsection the school district shall not offer to extend or  
23          renegotiate the contract until May of the year preceding the final year of  
24          the contract. The school district governing board or the governing body of  
25          the charter school shall communicate the superintendent's or principal's  
26          duties with respect to the classroom site fund established by section 15-977.

27          C. The governing board shall establish systems for the evaluation of  
28          the performance of principals and other school administrators and  
29          certificated school psychologists in the school district. In the development  
30          and adoption of these performance evaluation systems, the governing board  
31          shall avail itself of the advice of its administrators and certificated  
32          school psychologists. Each evaluation shall include recommendations as to  
33          areas of improvement in the performance of the certificated school  
34          psychologist if the performance of the certificated school psychologist  
35          warrants improvement. After transmittal of an assessment, a board designee  
36          shall confer with the certificated school psychologist to make specific  
37          recommendations as to areas of improvement in the certificated school  
38          psychologist's performance. The board designee shall provide assistance and  
39          opportunities for the certificated school psychologist to improve his  
40          performance and shall follow up with the certificated school psychologist  
41          after a reasonable period of time for the purpose of ascertaining that the  
42          certificated school psychologist is demonstrating adequate performance. The  
43          evaluation process for certificated school psychologists shall include appeal  
44          procedures for certificated school psychologists who disagree with the  
45          evaluation of their performance, if the evaluation is for use as criteria for  
46          establishing compensation or dismissal.

47          D. On or before May 15 EACH YEAR, the governing board shall offer a  
48          contract for the next school year to each certified administrator and  
49          certificated school psychologist who is in the last year of his contract

1 unless, on or before April 15, the governing board, a member of the board  
2 acting on behalf of the board or the superintendent of the school district  
3 gives notice to the administrator or certificated school psychologist of the  
4 board's intention not to offer a new contract. If the governing board has  
5 called for an override election for the third Tuesday in May as provided in  
6 section 15-481, the governing board shall offer a contract for the next  
7 school year to each certified administrator or certificated school  
8 psychologist who is in the last year of his contract on or before June 15  
9 unless, no later than five days after the override election excluding  
10 Saturday, Sunday and legal holidays, the governing board, a member of the  
11 board acting on behalf of the board or the superintendent of the school  
12 district gives notice to the administrator or the certificated school  
13 psychologist of the board's intention not to offer a new contract. The  
14 administrator's or the certificated school psychologist's acceptance of the  
15 contract shall be indicated within thirty days from the date of the written  
16 contract or the offer is revoked. The administrator or certificated school  
17 psychologist accepts the contract by signing the contract and returning it to  
18 the governing board or by making a written instrument ~~which~~ THAT accepts the  
19 terms of the contract and delivering the written instrument to the governing  
20 board.

21 E. Notice of the board's intention not to reemploy the administrator  
22 or certificated school psychologist shall be made by delivering the notice  
23 personally to the administrator or the certificated school psychologist or by  
24 sending the notice by certified mail, postmarked on or before the applicable  
25 deadline prescribed in subsection D of this section, and directed to the  
26 administrator or the certificated school psychologist at his place of  
27 residence as recorded in the school district records.

28 Sec. 16. Title 15, chapter 5, article 1, Arizona Revised Statutes, is  
29 amended by adding section 15-504, to read:

30 15-504. Contract days for professional association activities;  
31 prohibition

32 SCHOOL DISTRICT EMPLOYMENT CONTRACTS SHALL NOT INCLUDE COMPENSATED DAYS  
33 FOR PROFESSIONAL ASSOCIATION ACTIVITIES. FOR THE PURPOSES OF THIS SECTION,  
34 PROFESSIONAL ASSOCIATION ACTIVITIES DO NOT INCLUDE CONDUCT THAT OCCURS DURING  
35 A FIELD TRIP FOR PUPILS. THIS SECTION DOES NOT PROHIBIT INDIVIDUAL EMPLOYEES  
36 OF SCHOOL DISTRICTS FROM TAKING COMPENSATED LEAVE TIME FOR ANY PERSONAL  
37 PURPOSE, ANY PROFESSIONAL PURPOSE OR ANY OTHER LAWFUL PURPOSE.

38 Sec. 17. Section 15-536, Arizona Revised Statutes, is amended to read:

39 15-536. Offer of contract to certificated teacher who has not  
40 been employed more than three consecutive school  
41 years; acceptance; notice to teacher of intention not  
42 to reemploy

43 A. Subject to ~~the provisions of~~ sections 15-539, 15-540, 15-541,  
44 15-544 and 15-549, the governing board shall, ~~between March 15 and May 15,~~  
45 offer a teaching contract for the next ensuing school year to each  
46 certificated teacher who has not been employed by the school district for  
47 more than the major portion of three consecutive school years and who is  
48 under a contract of employment with the school district for the current  
49 school year, unless, ~~on or before April 15,~~ the governing board, a member of

1 the board acting on behalf of the board or the superintendent of the school  
2 district gives notice to the teacher of the board's intention not to offer a  
3 teaching contract, ~~OR~~ unless such teacher has been dismissed pursuant to  
4 section 15-538, 15-539, 15-541 or 15-544. The teacher's acceptance of the  
5 contract for the ensuing year must be indicated within thirty days from the  
6 date of the written contract or the offer is revoked. The teacher accepts  
7 the contract by signing the contract and returning it to the governing board  
8 or by making a written instrument which accepts the terms of the contract and  
9 delivering it to the governing board. If the written instrument includes  
10 terms in addition to the terms of the contract offered by the board, the  
11 teacher fails to accept the contract.

12 B. Notice of the board's intention not to reemploy the teacher shall  
13 be by delivering it personally to the teacher or by sending it by registered  
14 or certified mail ~~bearing a postmark of on or before April 15, directed~~ to  
15 the teacher at ~~his~~ THE TEACHER'S place of residence as recorded in the school  
16 district records. The notice shall incorporate a statement of reasons for  
17 not reemploying the teacher. If the reasons are charges of inadequacy of  
18 classroom performance as defined by the governing board pursuant to section  
19 15-539, subsection D, the board, ~~or its authorized representative, shall,~~ at  
20 least ninety days prior to such notice, SHALL give the teacher written  
21 preliminary notice of ~~his~~ inadequacy, specifying the nature of the inadequacy  
22 with such particularity as to furnish the teacher an opportunity to correct  
23 ~~his~~ THE inadequacies and overcome the grounds for such charge. The governing  
24 board may delegate to employees of the governing board the general authority  
25 to issue preliminary notices of inadequacy of classroom performance to  
26 teachers pursuant to this subsection without the need for prior approval of  
27 each notice by the governing board. In all cases in which an employee of the  
28 governing board issues a preliminary notice of inadequacy of classroom  
29 performance without prior approval by the governing board, the employee shall  
30 report its issuance to the governing board within five school days. The  
31 written notice of intention not to reemploy shall include a copy of any  
32 evaluation pertinent to the charges made and filed with the board.

33 C. Nothing in this section shall be construed ~~so as~~ to provide a  
34 certificated teacher who has not been employed by the school district for  
35 more than the major portion of three consecutive school years and who has  
36 received notice of the board's intention not to offer a teaching contract  
37 with the right to a hearing pursuant to ~~the provisions of~~ section 15-539,  
38 subsection G.

39 Sec. 18. Section 15-538.01, Arizona Revised Statutes, is amended to  
40 read:

41 15-538.01. Offer of contract to certificated teacher employed  
42 more than three consecutive school years

43 A. Subject to ~~the provisions of~~ sections 15-539, 15-540, 15-541,  
44 15-544 and 15-549, the governing board shall, ~~between March 15 and May 15,~~  
45 offer to each certificated teacher who has been employed by the school  
46 district for more than the major portion of three consecutive school years  
47 and who is under contract of employment with the school district for the  
48 current year a contract renewal for the next ensuing school year unless ~~on or~~  
49 ~~before May 15~~ the governing board, a member of the board acting on behalf of

1 the board or the superintendent of the school district gives notice to the  
2 teacher of the board's intent not to offer a contract and to dismiss the  
3 teacher as provided in section 15-539.

4 B. The teacher's acceptance of the contract must be indicated within  
5 thirty days from the date of the written contract or the offer of a contract  
6 is revoked. The teacher accepts the contract by signing the contract and  
7 returning it to the governing board or by making a written instrument which  
8 accepts the terms of the contract and delivering it to the governing board.  
9 If the written instrument includes terms in addition to the terms of the  
10 contract offered by the board, the teacher fails to accept the contract.

11 ~~C. If dismissal proceedings in reference to the teacher cannot be~~  
12 ~~completed by May 15 through no fault of the governing board or the~~  
13 ~~superintendent, or if the incidents relied on in whole or in part occurred~~  
14 ~~after May 15, dismissal proceedings may continue or be initiated.~~

15 Sec. 19. Section 15-539, Arizona Revised Statutes, is amended to read:  
16 15-539. Dismissal of certificated teacher; due process; written  
17 charges; notice; hearing on request

18 A. ~~Upon~~ **ON** a written statement of charges presented by the  
19 superintendent, charging that there exists cause for the suspension without  
20 pay for a period of time greater than ten school days or dismissal of a  
21 certificated teacher of the district, the governing board ~~shall~~, except as  
22 otherwise provided in this article, **SHALL** give notice to the teacher of its  
23 intention to suspend without pay or dismiss the teacher at the expiration of  
24 ~~thirty~~ **TEN** days from the date of the service of the notice.

25 B. Whenever the superintendent presents a statement of charges wherein  
26 the alleged cause for dismissal constitutes immoral or unprofessional  
27 conduct, the governing board may adopt a resolution that a complaint be filed  
28 with the department of education. Pending disciplinary action by the state  
29 board of education, the certificated teacher may be reassigned by the  
30 superintendent or placed on administrative leave by the board pursuant to  
31 section 15-540.

32 C. The governing board shall give a certificated teacher who has been  
33 employed by the school district for more than the major portion of three  
34 consecutive school years notice of intention to dismiss if its intention to  
35 dismiss is based on charges of inadequacy of classroom performance as defined  
36 by the governing board pursuant to subsection D of this section. The  
37 governing board or its authorized representative shall give the teacher a  
38 written preliminary notice of inadequacy of classroom performance at least  
39 ten instructional days ~~prior to~~ **BEFORE** the start of the period of time within  
40 which to correct the inadequacy and overcome the grounds for the charge. The  
41 governing board may delegate to employees of the governing board the general  
42 authority to issue preliminary notices of inadequacy of classroom performance  
43 to teachers pursuant to this section without the need for prior approval of  
44 each notice by the governing board. In all cases in which an employee of the  
45 governing board issues a preliminary notice of inadequacy of classroom  
46 performance without prior approval by the governing board, the employee shall  
47 report its issuance to the governing board within five school days. The  
48 written preliminary notice of inadequacy of classroom performance shall  
49 specify the nature of the inadequacy of classroom performance with such

1 particularity as to furnish the teacher an opportunity to correct the  
2 teacher's inadequacies and overcome the grounds for the charge. The written  
3 preliminary notice of inadequacy of classroom performance shall be based on a  
4 valid evaluation according to school district procedure, shall include a copy  
5 of any evaluation pertinent to the charges made and shall state the date by  
6 which the teacher has to correct the inadequacy and overcome the grounds for  
7 the charge. That evaluation shall not be conducted within two instructional  
8 days of any school break of one week or more. The written preliminary notice  
9 of inadequacy of classroom performance shall allow the teacher not less than  
10 ~~eighty-five~~ SIXTY instructional days within which to correct the inadequacy  
11 and overcome the grounds for the charge. If within the time specified in the  
12 written preliminary notice of inadequacy of classroom performance the teacher  
13 does not demonstrate adequate classroom performance, the governing board  
14 shall dismiss the teacher either within ~~thirty~~ TEN days of the service of a  
15 subsequent notice of intention to dismiss or by the end of the contract year  
16 in which the subsequent notice of intention to dismiss is served unless the  
17 teacher has requested a hearing as provided in subsection G of this section.  
18 If the teacher demonstrates adequate classroom performance during the period  
19 allowed to correct such deficiencies as specified in the written preliminary  
20 notice of inadequacy of classroom performance, the governing board may not  
21 dismiss the teacher for the reasons specified in the written preliminary  
22 notice of inadequacy of classroom performance. If the governing board of a  
23 school district has received approval to budget for a career ladder program,  
24 the governing board may define inadequacy of classroom performance by  
25 establishing a single level of performance ~~which~~ THAT is required of all  
26 teachers or by establishing more than one required level of performance. If  
27 more than one level is established, the same level of performance for minimum  
28 adequacy shall be required of all teachers who have completed the same number  
29 of years of teaching in the district.

30 D. The governing board shall develop a definition of inadequacy of  
31 classroom performance that applies to notices issued pursuant to section  
32 15-536, section 15-538 and this section. The governing board shall develop  
33 its definition of inadequacy of classroom performance in consultation with  
34 its certificated teachers. The consultation may be accomplished by holding a  
35 public hearing, forming an advisory committee, providing teachers the  
36 opportunity to respond to a proposed definition or obtaining teacher approval  
37 of a career ladder program ~~which~~ THAT defines inadequacy of classroom  
38 performance.

39 E. Any written statement of charges alleging unprofessional conduct,  
40 conduct in violation of the rules or policies of the governing board or  
41 inadequacy of classroom performance shall specify instances of behavior and  
42 the acts or omissions constituting the charge so that the certificated  
43 teacher will be able to prepare a defense. If applicable, it shall state the  
44 statutes, rules or written objectives of the governing board ~~which~~ THAT the  
45 certificated teacher is alleged to have violated and set forth the facts  
46 relevant to each occasion of alleged unprofessional conduct, conduct in  
47 violation of the rules or policies of the governing board or inadequacy of  
48 classroom performance.

1 F. The notice shall be in writing and shall be served ~~upon~~ ON the  
2 certificated teacher personally or by United States registered or certified  
3 mail addressed to the teacher's last known address. A copy of the charges,  
4 together with a copy of this section and sections 15-501, 15-538.01, 15-540,  
5 15-541, 15-542 and 15-544 through 15-547, shall be attached to the notice.

6 G. The certificated teacher who receives notice that there exists  
7 cause for dismissal or suspension without pay shall have the right to a  
8 hearing if the teacher files a written request with the governing board  
9 within ~~thirty~~ TEN days of service of notice. The filing of a timely request  
10 shall suspend the imposition of a suspension without pay or a dismissal  
11 pending completion of the hearing.

12 Sec. 20. Section 15-541, Arizona Revised Statutes, is amended to read:  
13 15-541. Hearing on dismissal

14 A. The governing board shall decide whether to hold a hearing on the  
15 dismissal or suspension without pay for a period of time longer than ten days  
16 of a certificated teacher as provided in this article. If the governing  
17 board decides not to hold a hearing, the governing board shall designate a  
18 hearing officer to hold the hearing, hear the evidence, prepare a record and  
19 issue a recommendation to the governing board for action. The governing  
20 board may provide by policy or vote at its annual organizational meeting that  
21 all hearings conducted pursuant to this section ~~will~~ SHALL be conducted  
22 before a hearing officer. The hearing officer ~~will~~ SHALL be mutually agreed  
23 upon by the parties to the hearing. If the parties cannot mutually agree on  
24 a hearing officer, a hearing officer ~~will~~ SHALL be selected by the governing  
25 board from a list provided by the department of education or the American  
26 arbitration association. The hearing shall be held not less than ~~ten~~ FIFTEEN  
27 nor more than ~~twenty-five~~ THIRTY days after the request is filed unless all  
28 parties to the hearing mutually agree to a different hearing date, and notice  
29 of the time and place of the hearing shall be given to the teacher not less  
30 than three days before the date of the hearing. The teacher may request that  
31 the hearing be conducted in public or private. At the hearing the teacher  
32 may appear in person and by counsel, if desired, and may present any  
33 testimony, evidence or statements, either oral or in writing, in the  
34 teacher's behalf. The governing board or the hearing officer shall prepare  
35 an official record of the hearing, including all testimony recorded manually  
36 or by mechanical device, and exhibits. The teacher who is the subject of the  
37 hearing may not request that the testimony be transcribed unless the teacher  
38 agrees in writing to pay the actual cost of the transcription. Within ten  
39 days after a hearing conducted by the governing board, the board shall  
40 determine whether there existed good and just cause for the notice of  
41 dismissal or suspension and shall render its decision accordingly, either  
42 affirming or withdrawing the notice of dismissal or suspension. Within ten  
43 days after a hearing conducted by a hearing officer, the hearing officer  
44 shall deliver a written recommendation to the governing board that includes  
45 findings of fact and conclusions. Parties to the hearing have the right to  
46 object to the findings of the hearing officer and present oral and written  
47 arguments to the governing board.

48 B. A hearing held pursuant to this section may not be conducted by any  
49 hearing officer having a personal interest which would conflict with ~~his or~~

1 ~~her~~ THE HEARING OFFICER'S objectivity in the hearing. The governing board  
2 has an additional ten days to determine whether good and just cause existed  
3 for the notice of dismissal or suspension and shall render its decision  
4 accordingly, either affirming or withdrawing the notice of suspension or  
5 dismissal. Good and just cause does not include religious or political  
6 beliefs or affiliations unless they are in violation of the oath of the  
7 teacher.

8 Sec. 21. Section 15-544, Arizona Revised Statutes, is amended to read:  
9 15-544. Limitations on reduction of salaries or personnel

10 A. A governing board may reduce salaries or eliminate certificated  
11 teachers in a school district in order to effectuate economies in the  
12 operation of the district or to improve the efficient conduct and  
13 administration of the schools of the school district, ~~but no reduction in the~~  
14 ~~salary of a certificated teacher who has been employed by the school district~~  
15 ~~for more than the major portion of three consecutive school years shall be~~  
16 ~~made except in accordance with a general salary reduction in the school~~  
17 ~~district by which the teacher is employed, and in such case the reduction~~  
18 ~~shall be applied equitably among all such teachers.~~

19 B. Notice of a general salary reduction shall be given each  
20 certificated teacher affected ~~not later than May 15 before the fiscal year in~~  
21 ~~which the reduction is to take effect.~~

22 ~~C. A certificated teacher dismissed for reasons of economy or to~~  
23 ~~improve the efficient conduct and administration of the schools of the school~~  
24 ~~district shall have a preferred right of reappointment in the order of~~  
25 ~~original employment by the governing board in the event of an increase in the~~  
26 ~~number of certificated teachers or the reestablishment of services within a~~  
27 ~~period of three years.~~

28 ~~D.~~ C. The provisions of this section do not apply to reductions in  
29 salary from monies from the classroom site fund pursuant to section 15-977.

30 Sec. 22. Section 15-703, Arizona Revised Statutes, is amended to read:  
31 15-703. Kindergarten programs and special departments; special  
32 teachers

33 A. The governing board may:

34 1. Establish departments of industrial arts and consumer education and  
35 homemaking.

36 2. Employ special teachers in special subjects.

37 B. Each common school district or unified school district shall  
38 establish a kindergarten program, unless the governing board of such common  
39 school district or unified school district files an exemption claim with the  
40 department of education. A district is exempt from establishing a  
41 kindergarten program if it files with the department of education an  
42 exemption claim which states that the establishment of a kindergarten program  
43 will interfere with the work of, or maintenance of efficiency in, the grades  
44 and that a kindergarten program is not in the best interests of the  
45 district. Each school district that establishes a kindergarten program shall  
46 offer half-day kindergarten programs that provide academically meaningful  
47 instruction in each of the academic standards adopted by the state board of  
48 education. A school district that establishes a full-day kindergarten  
49 program shall allow each parent of a kindergarten pupil to choose either

1 half-day kindergarten instruction or full-day kindergarten instruction AND  
2 SHALL PROVIDE THE OPTION OF ACADEMICALLY MEANINGFUL HALF-DAY KINDERGARTEN  
3 INSTRUCTION IN EVERY SCHOOL IN THE SCHOOL DISTRICT THAT HAS ENOUGH STUDENTS  
4 TO FILL A HALF-DAY KINDERGARTEN CLASS AT A CLASS SIZE THAT IS APPROXIMATELY  
5 EQUAL TO THE AVERAGE KINDERGARTEN CLASS SIZE FOR THE SCHOOL DISTRICT AS A  
6 WHOLE.

7 C. For the purpose of maintaining a kindergarten program a common  
8 school district or unified school district governing board may lease such  
9 buildings as may be necessary as provided by law.

10 Sec. 23. Section 15-741, Arizona Revised Statutes, is amended to read:  
11 15-741. Assessment of pupils

12 A. The state board of education shall:

13 1. Adopt rules for purposes of this article pursuant to title 41,  
14 chapter 6.

15 2. Adopt and implement an Arizona instrument to measure standards test  
16 to measure pupil achievement of the state board adopted academic standards in  
17 reading, writing and mathematics in at least four grades designated by the  
18 board. The board shall determine the manner of implementation. THE BOARD  
19 SHALL NOT REQUIRE HIGH SCHOOL PUPILS TO MEET OR EXCEED THE STANDARDS MEASURED  
20 BY THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IN ANY STANDARDS OTHER  
21 THAN READING, WRITING AND MATHEMATICS IN ORDER TO GRADUATE FROM HIGH SCHOOL.  
22 The board may administer assessments of the academic standards in social  
23 studies and science, EXCEPT THAT A PUPIL SHALL NOT BE REQUIRED TO MEET OR  
24 EXCEED THE SOCIAL STUDIES OR SCIENCE STANDARDS MEASURED BY THE ARIZONA  
25 INSTRUMENT TO MEASURE STANDARDS TEST IN ORDER TO GRADUATE FROM HIGH SCHOOL.  
26 ~~Prior to the administration of the tests to pupils and following the~~  
27 ~~statewide piloting of the tests, the board shall approve, at a public~~  
28 ~~meeting, the Arizona instrument to measure standards test.~~

29 3. Adopt and implement a statewide nationally standardized  
30 norm-referenced achievement test in reading, language arts and mathematics,  
31 except that the superintendent of public instruction may determine additional  
32 grade levels for which pupils are tested. The tests shall be consistent with  
33 the state standards and shall be administered during the spring of each year  
34 between March 15 and May 1.

35 4. Ensure that the tests prescribed in this section are uniform  
36 throughout the state.

37 5. Ensure that the tests prescribed in this section are able to be  
38 scored in an objective manner and that the tests are not intended to advocate  
39 any sectarian, partisan or denominational viewpoint.

40 6. Ensure that the results of the nationally standardized  
41 norm-referenced achievement tests established as provided in this article are  
42 comparable to associated grade equivalents, percentiles and stanines derived  
43 from a multistate sample.

44 7. Include within its budget all costs pertaining to the tests  
45 prescribed in this article. If sufficient monies are appropriated, the state  
46 board may provide norm-referenced achievement test services to school  
47 districts which request assistance in testing pupils in grades additional to  
48 those required by this section.

1           8. Use subtests of the statewide nationally standardized  
2 norm-referenced achievement test as designated by the state board to assess  
3 pupils in reading, language arts and mathematics, at a level appropriate for  
4 their grade level.

5           9. Survey teachers, principals and superintendents on achievement  
6 related nontest indicators, including information on graduation rates by  
7 ethnicity and dropout rates by ethnicity for each grade level. Before the  
8 survey, the state board of education shall approve at a public meeting the  
9 nontest indicators on which data will be collected. In conducting the survey  
10 and collecting data, the state board of education shall not violate the  
11 provisions of the family educational rights and privacy act (P.L. 93-380), as  
12 amended, nor disclose personally identifiable information.

13           10. Establish a fair and consistent method and standard by which  
14 norm-referenced test scores from schools in a district may be evaluated  
15 taking into consideration demographic data. The board shall establish  
16 intervention strategies to assist schools with scores below the acceptable  
17 standard. The board shall annually review district and school scores and  
18 shall offer assistance to school districts in analyzing data and implementing  
19 intervention strategies. The board shall use the adopted norm-referenced  
20 test and methods of data evaluation for a period of at least ten years.

21           11. Participate in other assessments that provide national comparisons  
22 as needed.

23           B. The standardized norm-referenced achievement tests adopted by the  
24 state board as provided in subsection A shall be given annually. The tests  
25 shall be administered over a one week period between March 15 and May 1.  
26 Nontest indicator data and other information shall be collected at the same  
27 time as the collection of standardized norm-referenced achievement test data.

28           C. Local school district governing boards shall:

29           1. Administer the tests prescribed in subsection A.

30           2. Survey teachers, principals and superintendents on achievement  
31 related nontest indicator data as required by the state board, including  
32 information related to district graduation and dropout rates. In conducting  
33 the survey and collecting data, the governing board shall not violate the  
34 provisions of the family educational rights and privacy act (P.L. 93-380), as  
35 amended, nor disclose personally identifiable information.

36           D. ANY ADDITIONAL ASSESSMENTS FOR HIGH SCHOOL PUPILS THAT ARE ADOPTED  
37 BY THE STATE BOARD OF EDUCATION AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO  
38 THIS SECTION SHALL BE DESIGNED TO MEASURE COLLEGE AND CAREER READINESS OF  
39 PUPILS.

40           ~~D.~~ E. A test for penmanship shall not be required pursuant to this  
41 article.

42           Sec. 24. Section 15-746, Arizona Revised Statutes, is amended to read:  
43           15-746. School report cards

44           A. Each school shall distribute an annual report card that contains at  
45 least the following information:

46           1. A description of the school's regular, magnet and special  
47 instructional programs.

48           2. A description of the current academic goals of the school.

1           3. A summary of the results achieved by pupils enrolled at the school  
2 during the prior three school years as measured by the Arizona instrument to  
3 measure standards test and the nationally standardized norm-referenced  
4 achievement test as designated by the state board and as reported in the  
5 annual report prescribed by section 15-743, a summary of the pupil progress  
6 on an ongoing and annual basis, showing the trends in gain or loss in pupil  
7 achievement over time in reading, language arts and mathematics for all years  
8 in which pupils are enrolled in the school district for an entire school year  
9 and for which this information is available and a summary of the pupil  
10 progress for pupils not enrolled in a district for an entire school year.

11           4. The school's current expenditures per pupil for classroom supplies,  
12 classroom instruction excluding classroom supplies, administration, support  
13 services-students, and all other support services and operations. The  
14 current expenditures per pupil by school shall include allocation of the  
15 district-wide expenditures to each school, as provided by the district. The  
16 report shall include a comparison of the school to the state amount for a  
17 similar type of district as calculated in section 15-255. The method of  
18 calculating these per pupil amounts and the allocation of expenditures shall  
19 be as prescribed in the uniform system of financial records.

20           5. The attendance rate of pupils enrolled at the school as reflected  
21 in the school's average daily membership as defined in section 15-901.

22           6. The total number of incidents that occurred on the school grounds,  
23 at school bus stops, on school buses and at school sponsored events and that  
24 required the contact of a local, county, tribal, state or federal law  
25 enforcement officer pursuant to section 13-3411, subsection F, section  
26 13-3620, section 15-341, subsection A, paragraph ~~33~~ 31 or section 15-515.  
27 The total number of incidents reported shall only include reports that law  
28 enforcement officers report to the school are supported by probable cause.  
29 For the purposes of this paragraph, a certified peace officer who serves as a  
30 school resource officer is a law enforcement officer. A school may provide  
31 clarifying information if the school has a school resource officer on campus.

32           7. The percentage of pupils who have either graduated to the next  
33 grade level or graduated from high school.

34           8. A description of the social services available at the school site.

35           9. The school calendar, including the length of the school day and  
36 hours of operations.

37           10. The total number of pupils enrolled at the school during the  
38 previous school year.

39           11. The transportation services available.

40           12. Beginning in the 2000-2001 school year and until July 1, 2006, the  
41 reading instruction programs used by the school for kindergarten programs and  
42 grades one, two and three, pursuant to section 15-704. The report card shall  
43 include a district comparison of test scores among the different programs of  
44 reading instruction and shall identify the program of reading instruction  
45 used in each classroom.

46           13. A description of the responsibilities of parents of children  
47 enrolled at the school.

1           14. A description of the responsibilities of the school to the parents  
2 of the children enrolled at the school, including dates the report cards are  
3 delivered to the home.

4           15. A description of the composition and duties of the school council  
5 as prescribed in section 15-351 if such a school council exists.

6           16. For the most recent year available, the average current expenditure  
7 per pupil for administrative functions compared to the predicted average  
8 current expenditure per pupil for administrative functions according to an  
9 analysis of administrative cost data by the joint legislative budget  
10 committee staff.

11           17. If the school provides instruction to pupils in kindergarten  
12 programs and grades one through three, the ratio of pupils to teachers in  
13 each classroom where instruction is provided in kindergarten programs and  
14 grades one through three.

15           18. The average class size per grade level for all grade levels,  
16 kindergarten programs and grades one through eight. For the purposes of this  
17 paragraph, "average class size" means the weighted average of each class.

18           B. The department of education shall develop a standardized report  
19 card format that meets the requirements of subsection A of this section. The  
20 department shall modify the standardized report card as necessary on an  
21 annual basis. The department shall distribute to each school in this state a  
22 copy of the standardized report card that includes the required test scores  
23 for each school. Additional copies of the standardized report card shall be  
24 available on request.

25           C. After each school has completed the report card distributed to it  
26 by the department of education, the school, in addition to distributing the  
27 report card as prescribed in subsection A of this section, shall send a copy  
28 of the report card to the department. The department shall prepare an annual  
29 report that contains the report card from each school in this state.

30           D. The school shall distribute report cards to parents of pupils  
31 enrolled at the school, no later than the last day of school of each fiscal  
32 year, and shall present a summary of the contents of the report cards at an  
33 annual public meeting held at the school. The school shall give notice at  
34 least two weeks before the public meeting that clearly states the purposes,  
35 time and place of the meeting.

36           Sec. 25. Section 15-765, Arizona Revised Statutes, is amended to read:

37           15-765. Special education in rehabilitation, corrective or other  
38 state and county supported institutions, facilities or  
39 homes

40           A. For the purposes of this section and section 15-764, children with  
41 disabilities who are being provided with special education in rehabilitation,  
42 corrective or other state and county supported institutions or facilities are  
43 the responsibility of that institution or facility, including children with  
44 disabilities who are not enrolled in a residential program and who are being  
45 furnished with daily transportation. Special education programs at the  
46 institution or facility shall conform to the conditions and standards  
47 prescribed by the director of the division of special education.

48           B. Notwithstanding ~~the provisions of~~ subsection A of this section, the  
49 department of economic security or the department of health services may

1 request on behalf of a school-age child with a disability residing in a  
2 residential facility or foster home operated or supported by the department  
3 of economic security or the department of health services that the school  
4 district in which the facility or home is located enroll the school-age child  
5 in the district, subject to section 15-825. The school district, ~~shall, upon~~  
6 ~~ON~~ the request by the department of economic security or the department of  
7 health services, ~~SHALL~~ enroll the child and provide any necessary special  
8 education and related services, subject to section 15-766. A school district  
9 in which a child with a disability is enrolled shall coordinate the  
10 development of an individualized education program with the development of an  
11 individual program or treatment plan. The provision of special education and  
12 related services to a child with a disability may be subject to ~~the~~  
13 ~~provisions of~~ subsection D of this section.

14 C. Before any placement is made in facilities described in this  
15 section, the school district of residence shall ~~insure~~ ENSURE that a full  
16 continuum of alternative placements is available to meet the needs of  
17 children with disabilities and that the proposed placement is the least  
18 restrictive environment in which appropriate education services can be  
19 provided to the child.

20 D. A school district or county school superintendent may contract  
21 with, and make payments to, other public or private schools, institutions and  
22 agencies approved by the division of special education, within or without the  
23 school district or county, for the education of and provision of services to  
24 children with disabilities if ~~the provisions of~~ section 15-766 and the  
25 conditions and standards prescribed by the division of special education have  
26 been met and if unable to provide satisfactory education and services through  
27 its own facilities and personnel in accordance with the rules prescribed by  
28 the state board of education AS PROVIDED IN SECTION 15-213. No school  
29 district may contract or make payments under the authority of this section or  
30 section 15-764 or any other provisions of law for the residential or  
31 educational costs of placement of children with disabilities in an approved  
32 private special education school, institution or agency unless the children  
33 are evaluated and placed by a school district. The following special  
34 provisions apply in order to qualify for the group B ED-P weight:

35 1. If the child is placed in a private special education program, the  
36 chief administrative official of the school district or county or other  
37 person designated by the school district or county as responsible for special  
38 education shall verify that the pupil is diagnosed with an emotional  
39 disability as defined in section 15-761, that no appropriate program exists  
40 within the school district or county, as applicable, and that no program can  
41 feasibly be instituted by the school district or county, as applicable.

42 2. If the child is placed in a special program that provides intensive  
43 services within a school district, the chief administrative official of the  
44 school district or county or other person as designated by the school  
45 district or county as responsible for special education shall verify that the  
46 pupil placed in such a program is diagnosed with an emotional disability as  
47 defined in section 15-761 and that appropriate services cannot be provided in  
48 traditional resource and self-contained special education classes.

1 E. When a state placing agency initially places a pupil in a private  
2 residential facility, the home school district must conduct an evaluation  
3 pursuant to section 15-766 or review the educational placement of a pupil who  
4 has previously been determined eligible for special education services. The  
5 school district shall notify the appropriate state placing agency when a  
6 child requires an evaluation for possible receipt of services provided by  
7 that agency or a residential special education placement. The school  
8 district and the state agency shall jointly evaluate the child, including  
9 consideration of relevant information from additional sources, including  
10 probation or parole officers, caseworkers, guardians ad litem and court  
11 appointed special advocates.

12 F. If the child is not eligible for special education or does not  
13 require residential special education placement, sections 15-1182 and 15-1183  
14 apply.

15 G. If the individualized education program team determines that a  
16 residential special education placement is the least restrictive environment  
17 in which an appropriate educational program can be provided, the home school  
18 district shall submit the following documentation to the department of  
19 education:

20 1. A residential special education voucher application signed by  
21 designated representatives of the state placing agency, as defined in section  
22 15-1181, and the home school district, respectively.

23 2. The educational reasons for recommending the residential special  
24 education placement, including an evaluation or addendum to the evaluation  
25 that describes the instructional and behavioral interventions that were  
26 previously attempted and the educational reasons for recommending the  
27 residential special education placement, including documentation that the  
28 nature or severity of the disability is such that education in a less  
29 restrictive environment is not appropriate.

30 3. Exit criteria as required in subsection K of this section.

31 4. That prior written notice for a change in the child's placement was  
32 provided.

33 H. If a residential special education placement is required by the  
34 child's individualized education program, the educational component of the  
35 residential facility shall be one that is approved by the department of  
36 education for the specific special education services required.

37 I. The residential component of the facility in which the residential  
38 special education placement is made shall be licensed by the department of  
39 economic security or the department of health services, whichever is  
40 appropriate.

41 J. Following and in accordance with the consensus decision of the  
42 individualized education program team as prescribed in section 15-766, a  
43 residential special education placement shall be made by the school district  
44 and the appropriate state agency. The individualized education program team  
45 shall determine whether a residential special education placement is  
46 necessary. The state placing agency shall consider the recommendations of  
47 the individualized education program team in selecting the specific  
48 residential facility. The department of education shall enter into  
49 interagency services agreements with the department of economic security or

1 the department of health services to establish a mechanism for resolving  
2 disputes if the school district and the department of economic security or  
3 the department of health services cannot mutually agree on the specific  
4 residential placement to be made. Dispute resolution procedures may not be  
5 used to deny or delay residential special education placement.

6 K. The individualized education program for any child who requires  
7 residential special education placement must include exit criteria that  
8 indicate when the educational placement of the child shall be reviewed to  
9 determine whether the child can be moved to a less restrictive placement.

10 L. All noneducational and nonmedical costs incurred by the placement  
11 of a child with a disability in a private or public school program and  
12 concurrent out-of-home care program shall be paid by the department of  
13 economic security for those children eligible to receive services through the  
14 division of developmental disabilities or the administration for children,  
15 youth and families of the department of economic security and by the  
16 department of health services for those children eligible to receive services  
17 through the division of behavioral health in the department of health  
18 services or children's rehabilitation services. Nothing in this section is  
19 intended to prevent or limit the department of health services and the  
20 department of economic security from joint case management of any child who  
21 qualifies for services from both agencies or from sharing the noneducational  
22 costs of providing those services. The educational costs incurred by the  
23 placement of a child with a disability in an out-of-home care facility shall  
24 be paid as follows:

25 1. Through a residential special education placement voucher as  
26 provided in section 15-1184 if the child is determined to require a  
27 residential special education placement as defined in section 15-761.

28 2. Through an initial or continuing residential education voucher if a  
29 child is placed in a private residential facility by a state placing agency,  
30 as defined in section 15-1181, for care, treatment and safety reasons and the  
31 child needs educational services while in that placement.

32 3. Through a certificate of educational convenience if the child is  
33 attending a public school not within the child's school district of residence  
34 as provided in section 15-825.

35 4. By the home school district, pursuant to a contract with a public  
36 or private school as provided in subsection D of this section, if the home  
37 school district is unable to provide satisfactory education and services  
38 through its own facilities and personnel.

39 M. The department of economic security or the department of health  
40 services, whichever is appropriate, shall determine if the child placed for  
41 purposes of special education in a private or public school and concurrent  
42 out-of-home care is covered by an insurance policy ~~which~~ THAT provides for  
43 inpatient or outpatient child or adolescent psychiatric treatment. The  
44 appropriate state agency may only pay charges for treatment costs that are  
45 not covered by an insurance policy. Notwithstanding any other law, the  
46 appropriate state agency may pay for placement costs of the child before the  
47 verification of applicable insurance coverage. On the depletion of insurance  
48 benefits, the appropriate state agency shall resume payment for all  
49 noneducational and nonmedical costs incurred in the treatment of the child.

1 The appropriate state agency may request the child's family to contribute a  
2 voluntary amount toward the noneducational and nonmedical costs incurred as a  
3 result of residential placement of the child. The amount ~~which~~ THAT the  
4 appropriate state agency requests the child's family to contribute shall be  
5 based on guidelines in the rules of the appropriate state agency governing  
6 the determination of contributions by parents and estates. Nothing in this  
7 subsection shall be construed to require parents to incur any costs for  
8 required special education and related services or shall be construed to  
9 result in a reduction in lifetime insurance benefits available for a child  
10 with a disability.

11 N. If appropriate services are offered by the school district and the  
12 parent or the child chooses for the child to attend a private facility,  
13 either for day care or for twenty-four hour care, neither the school district  
14 nor the respective agency is obligated to assume the cost of the private  
15 facility. If residential twenty-four hour care is necessitated by factors  
16 such as the child's home condition and is not related to the special  
17 educational needs of the child, the agency responsible for the care of the  
18 child is not required to pay any additional costs of room and board and  
19 nonmedical expenses pursuant to this section.

20 Sec. 26. Section 15-843, Arizona Revised Statutes, is amended to read:

21 15-843. Pupil disciplinary proceedings

22 A. An action concerning discipline, suspension or expulsion of a pupil  
23 is not subject to title 38, chapter 3, article 3.1, except that the governing  
24 board of a school district shall post regular notice and shall take minutes  
25 of any hearing held by the governing board concerning the discipline,  
26 suspension or expulsion of a pupil.

27 B. The governing board of any school district, in consultation with  
28 the teachers and parents of the school district, shall prescribe rules for  
29 the discipline, suspension and expulsion of pupils. The rules shall be  
30 consistent with the constitutional rights of pupils and shall include at  
31 least the following:

32 1. Penalties for excessive pupil absenteeism pursuant to section  
33 15-803, including failure in a subject, failure to pass a grade, suspension  
34 or expulsion.

35 2. Procedures for the use of corporal punishment if allowed by the  
36 governing board.

37 3. Procedures for the reasonable use of physical force by certificated  
38 or classified personnel in self-defense, defense of others and defense of  
39 property.

40 4. Procedures for dealing with pupils who have committed or who are  
41 believed to have committed a crime.

42 5. A notice and hearing procedure for cases concerning the suspension  
43 of a pupil for more than ten days.

44 6. Procedures and conditions for readmission of a pupil who has been  
45 expelled or suspended for more than ten days.

46 7. Procedures for appeal to the governing board of the suspension of a  
47 pupil for more than ten days, if the decision to suspend the pupil was not  
48 made by the governing board.

1           8. Procedures for appeal of the recommendation of the hearing officer  
2 or officers designated by the board as provided in subsection F of this  
3 section at the time the board considers the recommendation.

4           C. Penalties adopted pursuant to subsection B, paragraph 1 of this  
5 section for excessive absenteeism shall not be applied to pupils who have  
6 completed the course requirements and whose absence from school is due solely  
7 to illness, disease or accident as certified by a person who is licensed  
8 pursuant to title 32, chapter 7, 13, 15 or 17.

9           D. The governing board shall:

10           1. Support and assist teachers in the implementation and enforcement  
11 of the rules prescribed pursuant to subsection B of this section.

12           2. Develop procedures allowing teachers and principals to recommend  
13 the suspension or expulsion of pupils.

14           3. Develop procedures allowing teachers and principals to temporarily  
15 remove disruptive pupils from a class.

16           4. Delegate to the principal the authority to remove a disruptive  
17 pupil from the classroom.

18           E. If a pupil withdraws from school after receiving notice of possible  
19 action concerning discipline, expulsion or suspension, the governing board  
20 may continue with the action after the withdrawal and may record the results  
21 of such action in the pupil's permanent file.

22           F. In all action concerning the expulsion of a pupil, the governing  
23 board of a school district shall:

24           1. Be notified of the intended action.

25           2. EITHER:

26           (a) Decide, in executive session, whether to hold a hearing or to  
27 designate one or more hearing officers to hold a hearing to hear the  
28 evidence, prepare a record and bring a recommendation to the board for action  
29 and whether the hearing shall be held in executive session.

30           (b) PROVIDE BY POLICY OR VOTE AT ITS ANNUAL ORGANIZATIONAL MEETING  
31 THAT ALL HEARINGS CONCERNING THE EXPULSION OF A PUPIL CONDUCTED PURSUANT TO  
32 THIS SECTION WILL BE CONDUCTED BEFORE A HEARING OFFICER SELECTED FROM A LIST  
33 OF HEARING OFFICERS APPROVED BY THE GOVERNING BOARD.

34           3. Give written notice, at least five working days ~~prior to~~ BEFORE the  
35 hearing by the governing board or the hearing officer or officers designated  
36 by the governing board, to all pupils subject to expulsion and their parents  
37 or guardians of the date, time and place of the hearing. If the governing  
38 board decides that the hearing is to be held in executive session, the  
39 written notice shall include a statement of the right of the parents or  
40 guardians or an emancipated pupil who is subject to expulsion to object to  
41 the governing board's decision to have the hearing held in executive session.  
42 Objections shall be made in writing to the governing board.

43           G. If a parent or guardian or an emancipated pupil who is subject to  
44 expulsion disagrees that the hearing should be held in executive session, it  
45 shall be held in an open meeting unless:

46           1. If only one pupil is subject to expulsion and disagreement exists  
47 between that pupil's parents or guardians, the governing board, after  
48 consultations with the pupil's parents or guardians or the emancipated pupil,

1 shall decide in executive session whether the hearing will be in executive  
2 session.

3 2. If more than one pupil is subject to expulsion and disagreement  
4 exists between the parents or guardians of different pupils, ~~then~~ separate  
5 hearings shall be held subject to ~~the provisions of~~ this section.

6 H. This section does not prevent the pupil who is subject to expulsion  
7 or suspension, and the pupil's parents or guardians and legal counsel, from  
8 attending any executive session pertaining to the proposed disciplinary  
9 action, from having access to the minutes and testimony of the executive  
10 session or from recording the session at the parent's or guardian's expense.

11 I. In schools employing a superintendent or a principal, the authority  
12 to suspend a pupil from school is vested in the superintendent, principal or  
13 other school officials granted this power by the governing board of the  
14 school district.

15 J. In schools that do not have a superintendent or principal, a  
16 teacher may suspend a pupil from school.

17 K. In all cases of suspension, it shall be for good cause and shall be  
18 reported within five days to the governing board by the superintendent or the  
19 person imposing the suspension.

20 ~~L. A teacher who fails to comply with this section is guilty of  
21 unprofessional conduct and the teacher's certificate may be revoked.~~

22 ~~M.~~ L. The principal of each school shall ~~insure~~ ENSURE that a copy of  
23 all rules pertaining to discipline, suspension and expulsion of pupils is  
24 distributed to the parents of each pupil at the time the pupil is enrolled in  
25 school.

26 ~~N.~~ M. The principal of each school shall ensure that all rules  
27 pertaining to the discipline, suspension and expulsion of pupils are  
28 communicated to students at the beginning of each school year, and to  
29 transfer students at the time of their enrollment in the school.

30 Sec. 27. Section 15-901, Arizona Revised Statutes, as amended by Laws  
31 2009, forty-ninth legislature, third special session, chapter 2, section 3,  
32 is amended to read:

33 15-901. Definitions

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

35 1. "Average daily attendance" or "ADA" means actual average daily  
36 attendance through the first one hundred days or two hundred days in session,  
37 as applicable.

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

46 (a) "Fractional student" means:

47 (i) For common schools, until fiscal year 2001-2002, a preschool child  
48 who is enrolled in a program for preschool children with disabilities of at  
49 least three hundred sixty minutes each week or a kindergarten student at

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

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

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

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

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

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

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

38           (iv) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS  
39 CONCURRENTLY ENROLLED IN A SCHOOL DISTRICT AND A CHARTER SCHOOL, THE AVERAGE  
40 DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE  
41 CHARTER SCHOOL AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON  
42 THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE  
43 AT THE SCHOOL DISTRICT AND THE CHARTER SCHOOL.

44           (v) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS  
45 CONCURRENTLY ENROLLED, PURSUANT TO SECTION 15-808, IN A SCHOOL DISTRICT AND  
46 ARIZONA ONLINE INSTRUCTION OR A CHARTER SCHOOL AND ARIZONA ONLINE  
47 INSTRUCTION, THE AVERAGE DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE  
48 SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR THE CHARTER SCHOOL AND  
49 ARIZONA ONLINE INSTRUCTION AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL

1 BE BASED ON THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR  
2 IN ATTENDANCE AT THE SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR THE  
3 CHARTER SCHOOL AND ARIZONA ONLINE INSTRUCTION.

4 ~~(iii)~~ (vi) For homebound or hospitalized, a student receiving at  
5 least four hours of instruction per week.

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

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

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

20 (iii) For fiscal year 2002-2003, an instructional program that meets  
21 at least a total of seven hundred eight hours during the minimum number of  
22 days required and includes at least four subjects each of which, if taught  
23 each school day for the minimum number of days required in a school year,  
24 would meet a minimum of one hundred twenty-two hours a year, or the  
25 equivalent, or one or more subjects taught in amounts of time totaling at  
26 least twenty hours per week prorated for any week with fewer than five school  
27 days.

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

35 (v) For fiscal year 2004-2005, an instructional program that meets at  
36 least a total of seven hundred sixteen hours during the minimum number of  
37 days required and includes at least four subjects each of which, if taught  
38 each school day for the minimum number of days required in a school year,  
39 would meet a minimum of one hundred twenty-three hours a year, or the  
40 equivalent, or one or more subjects taught in amounts of time totaling at  
41 least twenty hours per week prorated for any week with fewer than five school  
42 days.

43 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an  
44 instructional program that meets at least a total of seven hundred twenty  
45 hours during the minimum number of days required and includes at least four  
46 subjects each of which, if taught each school day for the minimum number of  
47 days required in a school year, would meet a minimum of one hundred  
48 twenty-three hours a year, or the equivalent, or one or more subjects taught

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

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

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

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

10 6. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 9. "Eligible students" means:

46 (a) Students who are transported by or for a school district and who  
47 qualify as full-time students or fractional students, except students for  
48 whom transportation is paid by another school district or a county school  
49 superintendent, and:

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

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

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

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

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

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

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

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

39 13. "Revenue control limit" means the base revenue control limit plus  
40 the transportation revenue control limit.

41 14. "Student count" means average daily membership as prescribed in  
42 this subsection for the fiscal year prior to the current year, except that  
43 for the purpose of budget preparation student count means average daily  
44 membership as prescribed in this subsection for the current year.

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

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

1           17. "Total students transported" means all eligible students  
2 transported from their place of residence to a school transportation pickup  
3 point or to the school of attendance and from the school of attendance or  
4 from the school transportation scheduled return point to their place of  
5 residence.

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

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

10           1. "Base" means the revenue level per student count specified by the  
11 legislature.

12           2. "Base level" means:

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

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

17           (c) For fiscal year 2009-2010, three thousand two hundred sixty-seven  
18 dollars seventy-two cents.

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

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

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

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

31           7. "ED-P" means programs for children with emotional disabilities who  
32 are enrolled in private special education programs as prescribed in section  
33 15-765, subsection D, paragraph 1 or in an intensive school district program  
34 as provided in section 15-765, subsection D, paragraph 2.

35           8. "ELL" means English learners who do not speak English or whose  
36 native language is not English, who are not currently able to perform  
37 ordinary classroom work in English and who are enrolled in an English  
38 language education program pursuant to sections 15-751, 15-752 and 15-753.

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

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

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

46           10. "Group A" means educational programs for career exploration, a  
47 specific learning disability, an emotional disability, mild mental  
48 retardation, remedial education, a speech/language impairment, homebound,

1 bilingual, preschool moderate delay, preschool speech/language delay, other  
2 health impairments and gifted pupils.

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

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

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

30 14. "K" means kindergarten programs.

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

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

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

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

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

39 20. "OI-R" means a resource program for pupils with orthopedic  
40 impairments.

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

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

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

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

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

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

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

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

12           26. "Small school district" means a school district which meets all of  
13 the following:

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

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

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

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

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

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

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

28           Sec. 28. Section 15-905, Arizona Revised Statutes, is amended to read:

29           15-905. School district budgets; notice; adoption; aggregate  
30           budget limit; summary; adjustments; definition

31           A. Not later than July 5 of each year or no later than the publication  
32 of notice of the public hearing and board meeting as required by this  
33 section, the governing board of each school district shall prepare and  
34 furnish to the superintendent of public instruction and the county school  
35 superintendent, unless waived by the county school superintendent, a proposed  
36 budget in electronic format for the budget year, which shall contain the  
37 information and be in the form as provided by the department of education.  
38 The proposed budget shall include the following:

39           1. The total amount of revenues from all sources that was necessary to  
40 meet the school district's budget for the current year.

41           2. The total amount of revenues by source that will be necessary to  
42 meet the proposed budget of the school district, excluding property taxes.  
43 The governing board shall prepare the proposed budget and a summary of the  
44 proposed budget. Both documents shall be kept on file at the school district  
45 office and shall be made available to the public upon request. The auditor  
46 general in conjunction with the department of education shall prescribe the  
47 form of the summary of the proposed budget for use by governing boards.  
48 School district governing boards may include in the proposed budget any items  
49 or amounts which are authorized by legislation filed with the secretary of

1 state and which will become effective during the budget year. If subsequent  
2 events prevent the legislation from becoming effective, school district  
3 governing boards must reduce their budgets by the amounts budgeted pursuant  
4 to the legislation which did not become effective.

5 B. The governing board of each school district shall prepare a notice  
6 fixing a time not later than July 15 and designating a public place within  
7 each school district at which a public hearing and board meeting shall be  
8 held. The governing board shall present the proposed budget for  
9 consideration of the residents and the taxpayers of the school district at  
10 such hearing and meeting.

11 C. The governing board of each school district shall publish or mail,  
12 prior to the hearing and meeting, a copy of the proposed budget or the  
13 summary of the proposed budget and, in addition, a notice of the public  
14 hearing and board meeting no later than ten days prior to the meeting. The  
15 proposed budget and the summary of the proposed budget shall contain the  
16 percentage of increase or decrease in each budget category of the proposed  
17 budget as compared to each category of the budget for the current year.  
18 Notification shall be either by publication in a newspaper of general  
19 circulation within the school district in which the size of the newspaper  
20 print shall be at least eight-point type, by electronic transmission of the  
21 information to the department of education for posting on the department's  
22 ~~web-site~~ WEBSITE or by mailing the information to each household in the  
23 school district. The cost of publication, ~~web-site~~ WEBSITE posting or  
24 mailing shall be a charge against the school district. The publisher's  
25 affidavit of publication shall be filed by the governing board with the  
26 superintendent of public instruction within thirty days after publication.  
27 If the budget or proposed budget and notice are posted on a ~~web-site~~ WEBSITE  
28 maintained by the department of education or mailed, the board shall file an  
29 affidavit with the superintendent of public instruction within thirty days  
30 after the mailing or the date that the information is posted on the ~~web-site~~  
31 WEBSITE. If a truth in taxation notice and hearing is required under section  
32 15-905.01, the governing board may combine the notice and hearing under this  
33 section with the truth in taxation notice and hearing.

34 D. At the time and place fixed in the notice, the governing board  
35 shall hold the public hearing and present the proposed budget to the persons  
36 attending the hearing. Upon request of any person, the governing board shall  
37 explain the budget, and any resident or taxpayer of the school district may  
38 protest the inclusion of any item. A governing board member who has a  
39 substantial interest, as defined in section 38-502, in a specific item in the  
40 school district budget shall refrain from voting on the specific item. A  
41 governing board member may PARTICIPATE without creating a conflict of  
42 interest ~~participate~~ in adoption of a final budget even though the member may  
43 have substantial interest in specific items included in the budget.

44 E. Immediately following the public hearing the president shall call  
45 to order the governing board meeting for the purpose of adopting the budget.  
46 The governing board shall adopt the budget, which shall not exceed the  
47 general budget limit, the unrestricted capital budget limit or the soft  
48 capital allocation limit, making such deductions as it sees fit but making no  
49 additions to the proposed budget total for maintenance and operations or

1 capital outlay, and shall enter the budget as adopted in its minutes. Not  
2 later than July 18, the budget as finally adopted shall be filed by the  
3 governing board with the county school superintendent who shall immediately  
4 transmit a copy to the board of supervisors. Not later than July 18, the  
5 budget as finally adopted shall be submitted electronically to the  
6 superintendent of public instruction. On or before October 30, the  
7 superintendent of public instruction shall review the budget and notify the  
8 governing board if the budget is in excess of the general budget limit, the  
9 unrestricted capital budget limit or the soft capital allocation limit. ~~If~~  
10 ~~the governing board receives notification that the budget is in excess of the~~  
11 ~~general budget limit, the unrestricted capital budget limit or the soft~~  
12 ~~capital allocation limit by fewer than one thousand dollars, the governing~~  
13 ~~board shall adjust the budget and expenditures so as not to exceed the~~  
14 ~~general budget limit, the unrestricted capital budget limit or the soft~~  
15 ~~capital allocation limit for the current year. If the governing board~~  
16 ~~receives notification that the budget is in excess of the general budget~~  
17 ~~limit, the unrestricted capital budget limit or the soft capital allocation~~  
18 ~~limit by one thousand dollars or more, it shall on or before December 15,~~  
19 ~~after it gives notice and holds a public meeting in a similar manner as~~  
20 ~~provided in subsections C and D of this section, adopt a revised budget for~~  
21 ~~the current year which shall not exceed the general budget limit, the~~  
22 ~~unrestricted capital budget limit or the soft capital allocation limit. THE~~  
23 ~~GOVERNING BOARD SHALL REVISE THE BUDGET AS FOLLOWS:~~

24 1. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET  
25 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR  
26 THE SOFT CAPITAL ALLOCATION LIMIT BY ONE PER CENT OF THE GENERAL BUDGET LIMIT  
27 OR ONE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, IT SHALL ADOPT ON OR  
28 BEFORE DECEMBER 15, AFTER IT GIVES NOTICE AND HOLDS A PUBLIC MEETING IN A  
29 SIMILAR MANNER AS PROVIDED IN SUBSECTIONS C AND D OF THIS SECTION, A REVISED  
30 BUDGET FOR THE CURRENT YEAR, WHICH SHALL NOT EXCEED THE GENERAL BUDGET LIMIT,  
31 THE UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT.

32 2. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET  
33 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR  
34 THE SOFT CAPITAL ALLOCATION LIMIT BY LESS THAN THE AMOUNT PRESCRIBED IN  
35 PARAGRAPH 1 OF THIS SUBSECTION, THE GOVERNING BOARD SHALL ADJUST THE BUDGET  
36 AND EXPENDITURES SO AS NOT TO EXCEED THE GENERAL BUDGET LIMIT, THE  
37 UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT FOR  
38 THE CURRENT YEAR.

39 3. On or before December 18, the governing board shall file the  
40 revised budget ~~which~~ it adopts with the county school superintendent who  
41 shall immediately transmit a copy to the board of supervisors. Not later  
42 than December 18, the budget as revised shall be submitted electronically to  
43 the superintendent of public instruction. School districts that are subject  
44 to section 15-914.01 are not required to send a copy of revised budgets to  
45 the county school superintendent. Procedures for adjusting expenditures or  
46 revising the budget shall be as prescribed in the uniform system of financial  
47 records.

48 F. The governing board of each school district may budget for  
49 expenditures within the school district budget as follows:

1           1. Amounts within the general budget limit, as provided in section  
2 15-947, subsection C, may only be budgeted in the following sections of the  
3 budget:

4           (a) The maintenance and operation section.

5           (b) The capital outlay section.

6           2. Amounts within the unrestricted capital budget limit, as provided  
7 in section 15-947, subsection D, may only be budgeted in the unrestricted  
8 capital outlay subsection of the budget. Monies received pursuant to the  
9 unrestricted capital budget limit shall be placed in the unrestricted capital  
10 outlay fund. The monies in the fund are not subject to reversion.

11           3. The soft capital allocation limit, as provided in section 15-947,  
12 subsection E, may only be budgeted in the soft capital allocation subsection  
13 of the budget.

14           G. The governing board may authorize the expenditure of monies  
15 budgeted within the maintenance and operation section of the budget for any  
16 subsection within the section in excess of amounts specified in the adopted  
17 budget only by action taken at a public meeting of the governing board and if  
18 the expenditures for all subsections of the section do not exceed the amount  
19 budgeted as provided in this section. ~~Until June 30, 1999, the governing  
20 board may authorize the expenditure of monies to exceed the budgeted  
21 expenditures of the capital outlay section of the budget only by action taken  
22 at a public meeting of the governing board and if monies are available in the  
23 reserve.~~

24           H. The aggregate budget limit is the sum of the following:

25           1. The general budget limit as determined in section 15-947 for the  
26 budget year.

27           2. The unrestricted capital budget limit as determined in section  
28 15-947 for the budget year.

29           3. The soft capital allocation limit for the budget year as determined  
30 in section 15-947.

31           4. Federal assistance, excluding P.L. 81-874 monies.

32           I. School districts which overestimated tuition revenues as provided  
33 in section 15-947, subsection C, paragraph 2 shall adjust the general budget  
34 limit and expenditures based upon tuition revenues for attendance of  
35 nonresident pupils during the current fiscal year. School districts which  
36 underestimated tuition revenues may adjust their budgets prior to May 15  
37 based upon tuition revenues for attendance of nonresident pupils during the  
38 current fiscal year. School districts which overestimated revenues as  
39 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items  
40 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit  
41 and expenditures based on actual revenues during the current fiscal year.  
42 School districts which underestimated such revenues may adjust their budgets  
43 before May 15 based on actual revenues during the current fiscal year.  
44 Procedures for completing adjustments shall be as prescribed in the uniform  
45 system of financial records. Not later than May 18, the budget as adjusted  
46 shall be submitted electronically to the superintendent of public  
47 instruction.

48           J. A common school district not within a high school district whose  
49 estimated tuition charge for high school pupils exceeds the actual tuition

1 charge for high school pupils shall adjust the general budget limit and  
2 expenditures based on the actual tuition charge. Not later than May 18, the  
3 budget as adjusted shall be submitted electronically to the superintendent of  
4 public instruction. A common school district not within a high school  
5 district whose estimated tuition charge for high school pupils is less than  
6 the actual tuition charge for high school pupils may adjust its budget before  
7 May 15 based on the actual tuition charge. Procedures for completing  
8 adjustments shall be as prescribed in the uniform system of financial  
9 records. If the adjusted general budget limit requires an adjustment of  
10 state aid and if the adjustment to state aid is not made in the current year,  
11 the superintendent of public instruction shall adjust by August 15 of the  
12 succeeding fiscal year the apportionment of state aid to the school district  
13 to correct any overpayment or underpayment of state aid received during the  
14 current year.

15 K. The governing board may include P.L. 81-874 assistance allocated  
16 for children with disabilities, children with specific learning disabilities,  
17 children residing on Indian lands and children residing within the boundaries  
18 of an accommodation school that is located on a military reservation and that  
19 is classified as a heavily impacted local educational agency pursuant to 20  
20 United States Code section 7703 which is in addition to basic assistance when  
21 determining the general budget limit as prescribed in section 15-947,  
22 subsection C. The increase in the general budget limit for children residing  
23 within the boundaries of an accommodation school that is located on a  
24 military reservation and that is classified as a heavily impacted local  
25 education agency shall equal the dollar amount calculated pursuant to 20  
26 United States Code section 7703(b)(2). The governing board may adjust before  
27 May 15 the budget for the current year based on any adjustments which result  
28 in increases over the amount estimated by the superintendent of public  
29 instruction for P.L. 81-874 assistance for such pupils for the fiscal year  
30 preceding the current year. The governing board shall adjust before May 15  
31 the budget for the current year based on any adjustments which result in  
32 decreases in the amount estimated by the superintendent of public instruction  
33 for P.L. 81-874 assistance for such pupils for the fiscal year preceding the  
34 current year. Not later than May 18, the budget as adjusted shall be  
35 submitted electronically to the superintendent of public instruction.  
36 Procedures for complying with this subsection shall be as prescribed in the  
37 uniform system of financial records.

38 L. The state board of education shall hold a hearing if expenditures  
39 by any school district exceed the general budget limit prescribed in section  
40 15-947, subsection C, the unrestricted capital budget limit, the soft capital  
41 allocation limit prescribed in section 15-947, subsection E, the school plant  
42 fund limits prescribed in section 15-1102, subsection B, the maintenance and  
43 operation section of the budget or the capital outlay section of the budget.  
44 If the expenditures of any school district exceed these limits or sections of  
45 the budget without authorization as provided in section 15-907, the state  
46 board of education shall reduce the state aid for equalization assistance for  
47 education for the school district computed as provided in section 15-971  
48 during the fiscal year subsequent to the fiscal year in which the excess  
49 expenditures were made by an amount equal to the excess expenditures, except

1 that in case of hardship to the school district, the superintendent of public  
2 instruction may approve reductions partly in the first subsequent year and  
3 partly in the second subsequent year.

4 M. The governing board of a school district shall reduce the general  
5 budget limit, the unrestricted capital budget limit or the soft capital  
6 allocation limit, ~~for~~ for the year subsequent to the year in which the  
7 expenditures were in excess of the applicable limit or section of the budget  
8 by the amount determined in subsection L of this section, except that in case  
9 of hardship to the school district, the superintendent of public instruction  
10 may approve reductions partly in the first subsequent year and partly in the  
11 second subsequent year. The reduction in the limit is applicable to each  
12 school district which has exceeded the general budget limit, the unrestricted  
13 capital budget limit, the soft capital allocation limit or a section of the  
14 budget even if the reduction exceeds the state aid for equalization  
15 assistance for education for the school district.

16 N. Except as provided in section 15-916, no expenditure shall be made  
17 by any school district for a purpose not included in the budget or in excess  
18 of the aggregate budget limit prescribed in this section, except that if no  
19 budget has been adopted, from July 1 to July 15 the governing board may make  
20 expenditures if the total of the expenditures does not exceed ten per cent of  
21 the prior year's aggregate budget limit. Any expenditures made from July 1  
22 to July 15 and prior to the adoption of the budget shall be included in the  
23 total expenditures for the current year. No expenditure shall be made and no  
24 debt, obligation or liability shall be incurred or created in any year for  
25 any purpose itemized in the budget in excess of the amount specified for the  
26 item irrespective of whether the school district at any time has received or  
27 has on hand funds in excess of those required to meet the expenditures,  
28 debts, obligations and liabilities provided for under the budget except  
29 expenditures from cash controlled funds as defined by the uniform system of  
30 financial records and except as provided in section 15-907 and subsection G  
31 of this section. This subsection does not prohibit any school district from  
32 prepaying insurance premiums or magazine subscriptions, or from prepaying any  
33 item which is normally prepaid in order to procure the service or to receive  
34 a discounted price for the service, as prescribed by the uniform system of  
35 financial records.

36 O. The governing board of a school district which is classified as a  
37 heavily impacted school district having twenty per cent or more pupils  
38 pursuant to 20 United States Code section 238(d)1(A) may determine its  
39 eligibility to increase the amount that may be included in determining the  
40 general budget limit as provided in subsection K of this section and may  
41 increase the amount as follows:

42 1. For fiscal year 1988-1989:

43 (a) Multiply one thousand ninety-four dollars by the number of  
44 children with disabilities or children with specific learning disabilities,  
45 excluding children who also reside on Indian lands, reported to the division  
46 of impact aid, United States department of education in the district's  
47 application for fiscal year 1987-1988.

48 (b) Multiply five hundred forty-seven dollars by the number of  
49 children residing on Indian lands, excluding children who have disabilities

1 or also have specific learning disabilities, reported to the division of  
2 impact aid, United States department of education in the district's  
3 application for fiscal year 1987-1988.

4 (c) Multiply one thousand nine hundred fourteen dollars by the number  
5 of children residing on Indian lands who have disabilities or also have  
6 specific learning disabilities reported to the division of impact aid, United  
7 States department of education in the district's application for fiscal year  
8 1987-1988.

9 (d) Add the amounts determined in subdivisions (a) through (c).

10 (e) If the amount of P.L. 81-874 assistance as provided in subsection  
11 K of this section is less than the sum determined in subdivision (d) of this  
12 paragraph, the district is eligible to use the provisions of this subsection.

13 2. For budget years after 1988-1989, use the provisions of paragraph 1  
14 of this subsection, but increase each dollar amount by the growth rate for  
15 that year as prescribed by law, subject to appropriation and use the number  
16 of children reported in the appropriate category for the current fiscal year.

17 3. If the district is eligible to use the provisions of this  
18 subsection, subtract the amount of P.L. 81-874 assistance determined in  
19 subsection K of this section from the sum determined in paragraph 1,  
20 subdivision (d) of this subsection. The difference is the increase in the  
21 amount that may be included in determining the general budget limit as  
22 provided in subsection K of this section, if including this amount does not  
23 increase the district's primary tax rate for the budget year. If the amount  
24 of P.L. 81-874 assistance determined in subsection K of this section is  
25 adjusted for the current year, the increase determined in this paragraph  
26 shall be recomputed using the adjusted amount and the recomputed increase  
27 shall be reported to the department of education by May 15 on a form  
28 prescribed by the department of education.

29 4. If a district uses the provisions of this subsection, the district  
30 is not required to adjust its budget for the current year based on  
31 adjustments in the estimated amount of P.L. 81-874 assistance as provided in  
32 subsection K of this section.

33 P. A school district, except for an accommodation school, which  
34 applies for P.L. 81-874 assistance during the current year may budget an  
35 amount for P.L. 81-874 administrative costs for the budget year. The amount  
36 budgeted for P.L. 81-874 administrative costs is exempt from the revenue  
37 control limit and may not exceed an amount determined for the budgeted year  
38 as follows:

39 1. Determine the minimum cost. The minimum cost for fiscal year  
40 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
41 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
42 year increased by the growth rate as prescribed by law, subject to  
43 appropriation.

44 2. Determine the hourly rate. The hourly rate for fiscal year  
45 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
46 thereafter, the hourly rate is the hourly rate for the prior year increased  
47 by the growth rate as prescribed by law, subject to appropriation.

48 3. Determine the P.L. 81-874 revenues available by subtracting the  
49 amount of P.L. 81-874 assistance used to increase the general budget limit as

1 provided in subsections K and O of this section for the current fiscal year  
2 from the total amount of P.L. 81-874 revenues received in the current fiscal  
3 year.

4 4. Determine the total number of administrative hours as follows:

5 (a) Determine the sum of the following:

6 (i) 1.00 hours for each high impact pupil who is not disabled or does  
7 not have specific learning disabilities.

8 (ii) 1.25 hours for each high impact pupil who is disabled or has  
9 specific learning disabilities.

10 (iii) 0.25 hours for each low impact pupil who is not disabled or does  
11 not have specific learning disabilities.

12 (iv) 0.31 hours for each low impact pupil who is disabled or has  
13 specific learning disabilities.

14 (b) For the purposes of this paragraph:

15 (i) "High impact pupil" means a pupil who resides on Indian lands or a  
16 pupil who resides on federal property or in low rent housing and whose parent  
17 is employed on federal property or low rent housing property or is on active  
18 duty in uniformed service, as provided in P.L. 81-874, section 3(a) and as  
19 reported in the application for P.L. 81-874 assistance in the current year.

20 (ii) "Low impact pupil" means a pupil who resides on nonfederal  
21 property and has a parent who is employed on federal property or low rent  
22 housing property or is on active duty in a uniformed service or a pupil who  
23 resides on federal property or in low rent housing and who does not have a  
24 parent who is employed on federal property or low rent housing property or is  
25 on active duty in uniformed service, as provided in P.L. 81-874, section 3(b)  
26 and as reported in the application for P.L. 81-874 assistance in the current  
27 year.

28 5. Multiply the total number of administrative hours determined in  
29 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
30 of this subsection.

31 6. Determine the greater of the minimum cost determined in paragraph 1  
32 of this subsection or the product determined in paragraph 5 of this  
33 subsection.

34 7. Add to the amount determined in paragraph 6 of this subsection the  
35 amount, if any, to be expended by the school district in the budget year  
36 through an intergovernmental agreement with other school districts or the  
37 department of education to provide P.L. 81-874 technical assistance to  
38 participating districts.

39 8. Determine the lesser of the amount determined in paragraph 7 of  
40 this subsection or the revenues available as determined in paragraph 3 of  
41 this subsection.

42 9. The amount determined in paragraph 8 of this subsection is the  
43 maximum amount which may be budgeted for P.L. 81-874 administrative costs for  
44 the budget year as provided in this subsection.

45 10. If the governing board underestimated the amount that may be  
46 budgeted for P.L. 81-874 administrative costs for the current year, the board  
47 may adjust the general budget limit and the budget before May 15. If the  
48 governing board overestimated the amount that may be budgeted for P.L. 81-874

1 administrative costs for the current year, the board shall adjust the general  
2 budget limit and the budget before May 15.

3 Q. If a school district governing board has adopted a budget for a  
4 fiscal year based on forms and instructions provided by the auditor general  
5 and the department of education for that fiscal year and if, as a result of  
6 the enactment or nonenactment of proposed legislation after May 1 of the  
7 previous fiscal year, the budget is based on incorrect limits, does not  
8 include items authorized by law or does not otherwise conform with law, the  
9 governing board may revise its budget at a public hearing on or before  
10 September 15 to conform with the law. Not later than September 18, the  
11 budget as adjusted shall be submitted electronically to the superintendent of  
12 public instruction. If the governing board does not revise the budget on or  
13 before September 15 and if the budget includes any items not authorized by  
14 law or if the budget exceeds any limits, the governing board shall adjust or  
15 revise the budget as provided in subsection E of this section.

16 R. For the purposes of this section, "P.L. 81-874 assistance" means,  
17 for the current year, an amount equal to the final determination of  
18 P.L. 81-874 assistance for the fiscal year preceding the current year as  
19 confirmed by the division of impact aid, United States department of  
20 education or, if a final determination has not been made, the amount  
21 estimated by the superintendent of public instruction as confirmed by the  
22 division of impact aid, United States department of education and, for the  
23 budget year, an amount equal to the determination of P.L. 81-874 assistance  
24 for the fiscal year preceding the budget year as estimated by the  
25 superintendent of public instruction.

26 Sec. 29. Section 15-910, Arizona Revised Statutes, is amended to read:

27 15-910. School district budgets; excess utility costs;  
28 desegregation costs; tuition costs for bond issues;  
29 costs for registering warrants; report

30 A. The governing board may budget for the district's excess utility  
31 costs which are specifically exempt from the district's revenue control  
32 limit. If approved by the qualified electors voting at a statewide general  
33 election, the exemption from the revenue control limit under this subsection  
34 expires at the end of the 2008-2009 budget year. The uniform system of  
35 financial records shall specify expenditure items allowable as excess utility  
36 costs, which are limited to direct operational costs of heating, cooling,  
37 water and electricity, telephone communications and sanitation fees. The  
38 department of education and the auditor general shall include in the  
39 maintenance and operation section of the budget format, as provided in  
40 section 15-903, a separate line for utility expenditures and a special excess  
41 utility cost category. The special excess utility cost category shall  
42 contain budgeted expenditures for excess utility costs, determined as  
43 follows:

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

46 2. Multiply the amount in paragraph 1 of this subsection by the total  
47 percentage increase or decrease in the revenue control limit and the capital  
48 outlay revenue limit for the budget year over the revenue control limit and  
49 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies

1 available from a career ladder program or a teacher compensation program  
2 provided for in section 15-952.

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

5 4. Additional expenditures for utilities are budgeted in the excess  
6 utility cost category.

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

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

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

19 E. If the revised excess utility cost category results in an  
20 expenditure of monies in excess of school district revenues for the current  
21 year, the county school superintendent shall include within the revenue  
22 estimate for the budget year monies necessary to meet the liabilities  
23 incurred by the school district in the current year in excess of revenues  
24 received for the current year.

25 F. If a school district receives a refund of utility expenditures or a  
26 rebate on energy saving devices or services, the refund or rebate shall be  
27 applied against utility expenditures for the current year as a reduction of  
28 the expenditures, except that the reduction of expenditures shall not exceed  
29 the amount of actual utility expenditures.

30 G. The governing board may budget for expenses of complying with or  
31 continuing to implement activities which were required or permitted by a  
32 court order of desegregation or administrative agreement with the United  
33 States department of education office for civil rights directed toward  
34 remediating alleged or proven racial discrimination which are specifically  
35 exempt in whole or in part from the revenue control limit and the capital  
36 outlay revenue limit. This exemption applies only to expenses incurred for  
37 activities which are begun before the termination of the court order or  
38 administrative agreement. If a district is levying a primary property tax on  
39 February 23, 2006 and using those monies to administer an English language  
40 learner program to remedy alleged or proven discrimination under title VI of  
41 the civil rights act of 1964 (42 United States Code section 2000d), the  
42 district may spend those monies to remedy a violation of the equal education  
43 act of 1974 (20 United States Code section 1703(f)). Nothing in this  
44 subsection allows a school district to levy a primary property tax for  
45 violations of the equal education act of 1974 (20 United States Code section  
46 1703(f)) in the absence of an alleged or proven discrimination under title VI  
47 of the civil rights act of 1964 (42 United States Code section 2000d). **THE**  
48 **PORTION OF THE PRIMARY TAX RATE TO FUND DESEGREGATION PROGRAMS AS PROVIDED IN**

1 THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF ADDITIONAL STATE AID  
2 FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.

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

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

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

13 3. Employ the provisions of both paragraphs 1 and 2 of this  
14 subsection, provided that the total amount transferred and included in the  
15 amount needed from property taxes does not exceed the total amount budgeted  
16 as prescribed in subsection J, paragraph 1 of this section.

17 I. Through fiscal year 2003-2004, the maximum amount which a governing  
18 board may budget outside of the capital outlay revenue limit as provided in  
19 subsection G of this section is twelve per cent of the maintenance and  
20 operation desegregation budget as provided in subsection J of this section or  
21 the amount that it budgeted pursuant to this subsection for fiscal year  
22 2001-2002, whichever is less. If a governing board chooses to budget monies  
23 outside of the capital outlay revenue limit as provided in subsection G of  
24 this section, the governing board may notify the county school superintendent  
25 to include the cost of the excess expenses in the county school  
26 superintendent's estimate of the additional amount needed for the school  
27 district from the primary property tax as provided in section 15-991.

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

29 1. Shall prepare and employ a separate maintenance and operation  
30 desegregation budget and capital outlay desegregation budget on a form  
31 prescribed by the superintendent of public instruction in conjunction with  
32 the auditor general. The budget format shall be designed to allow a school  
33 district to plan and provide in detail for expenditures to be incurred solely  
34 as a result of compliance with or continuing to implement activities which  
35 were required or permitted by a court order of desegregation or  
36 administrative agreement with the United States department of education  
37 office for civil rights directed toward remediating alleged or proven racial  
38 discrimination.

39 2. Shall prepare as a part of the annual financial report a detailed  
40 report of expenditures incurred solely as a result of compliance with or  
41 continuing to implement activities which were required or permitted by a  
42 court order of desegregation or administrative agreement with the United  
43 States department of education office for civil rights directed toward  
44 remediating alleged or proven racial discrimination, in a format prescribed  
45 by the auditor general in conjunction with the ARIZONA department of  
46 education as provided by section 15-904.

47 3. On or before July 15, 2006 and each year thereafter, shall collect  
48 and report data regarding activities related to a court order of  
49 desegregation or an administrative agreement with the United States

1 department of education office for civil rights directed toward remediating  
2 alleged or proven racial discrimination in a format prescribed by the ARIZONA  
3 department of education. The department shall compile and submit copies of  
4 the reports to the governor, the president of the senate, the speaker of the  
5 house of representatives and the chairpersons of the education committees of  
6 the senate and the house of representatives. A school district that becomes  
7 subject to a new court order of desegregation or a party to an administrative  
8 agreement with the United States department of education office for civil  
9 rights directed toward remediating alleged or proven racial discrimination  
10 shall submit these reports on or before July 15 or within ninety days of the  
11 date of the court order or administrative agreement, whichever occurs first.  
12 The ARIZONA department of education, in consultation with the auditor  
13 general, shall develop reporting requirements to ensure that school districts  
14 submit at least the following information and documentation to the ARIZONA  
15 department of education beginning in fiscal year 2006-2007:

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

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

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

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

27 (e) If applicable, a current and accurate description of all magnet  
28 type programs that are in operation pursuant to the court order during the  
29 current school year on a district-wide basis and on a school by school basis.  
30 This information shall contain the eligibility and attendance criteria of  
31 each magnet type program, the capacity of each magnet type program, the  
32 ethnic composition goals of each magnet type program, the actual attending  
33 ethnic composition of each magnet type program and the specific activities  
34 offered in each magnet type program.

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

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

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

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

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

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

7 (l) Verification that the desegregation funding is educationally  
8 justifiable.

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

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

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

17 (p) Verification that the desegregation funding will be used to  
18 accomplish specific actions to remediate proven discrimination pursuant to  
19 title VI of the civil rights act of 1964 (42 United States Code section  
20 2000d) as specified in the court order or administrative agreement.

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

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

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

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

- 33 1. Be educationally justifiable.
- 34 2. Result in equal education opportunities for all pupils in the  
35 school district.
- 36 3. Be used to promote systemic and organizational changes within the  
37 school district.
- 38 4. Be used in accordance with the academic standards adopted by the  
39 state board of education pursuant to sections 15-701 and 15-701.01.
- 40 5. Be used to accomplish specific actions to remediate proven  
41 discrimination pursuant to title VI of the civil rights act of 1964 (42  
42 United States Code section 2000d) as specified in the court order or  
43 administrative agreement.
- 44 6. Be used in accordance with a plan submitted to the department of  
45 education that includes an estimate of the amount of monies that will be  
46 required to bring the school district into compliance with the court order or  
47 administrative agreement and an estimate of when the school district will be  
48 in compliance with the court order or administrative agreement.

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

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

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

36           Sec. 30. Section 15-914, Arizona Revised Statutes, is amended to read:  
37 15-914. Financial and compliance audits

38           A. The governing board of a school district ~~which~~ THAT is required to  
39 comply with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat.  
40 1396; 31 United States Code sections 7501 through 7507) shall contract for at  
41 least annual financial and compliance audits of financial transactions and  
42 accounts subject to the single audit act amendments of 1996 and kept by or  
43 for the school district. Beginning with fiscal year 2003-2004, the governing  
44 board of a school district that is not required to comply with the single  
45 audit act and that has adopted an expenditure budget of two million dollars  
46 or more for the maintenance and operation fund pursuant to section 15-905  
47 shall contract for an annual financial statement audit. Beginning with  
48 fiscal year 2004-2005, the governing board of a school district that is not  
49 required to comply with the single audit act and that has adopted an

1 expenditure budget of less than two million dollars but more than seven  
2 hundred thousand dollars for the maintenance and operation fund pursuant to  
3 section 15-905 shall contract for a biennial financial statement audit. An  
4 independent certified public accountant shall conduct the audit in accordance  
5 with generally accepted governmental auditing standards. TO THE EXTENT  
6 PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT THAT IS REQUIRED TO PARTICIPATE  
7 IN AN ANNUAL AUDIT PURSUANT TO THIS SUBSECTION MAY CONVERT TO A BIENNIAL  
8 AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT DID NOT CONTAIN ANY SIGNIFICANT  
9 NEGATIVE FINDINGS. IF A BIENNIAL AUDIT OF A SCHOOL DISTRICT CONDUCTED  
10 PURSUANT TO THIS SUBSECTION CONTAINS ANY SIGNIFICANT NEGATIVE FINDINGS, THE  
11 SCHOOL DISTRICT SHALL CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE. IF A SCHOOL  
12 DISTRICT IS REQUIRED TO CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE PURSUANT TO  
13 THIS SUBSECTION BECAUSE OF SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT  
14 MAY SUBSEQUENTLY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS TWO  
15 ANNUAL AUDITS DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. FOR THE  
16 PURPOSES OF THIS SUBSECTION, "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING  
17 THAT RESULTS IN THE ISSUANCE OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR  
18 GENERAL.

19 B. The governing board of a charter school that is required to comply  
20 with the single audit act amendments of 1996 shall contract for an annual  
21 financial and compliance audit of financial transactions and accounts subject  
22 to the single audit act amendments of 1996 and kept by or for the charter  
23 school.

24 C. A charter school that is not subject to the single audit act  
25 amendments of 1996 shall contract for at least an annual financial statement  
26 audit conducted in accordance with generally accepted governmental auditing  
27 standards. An independent certified public accountant shall conduct the  
28 audit.

29 D. For all audits referred to in subsections A, B and C of this  
30 section, the independent certified public accountant shall submit a uniform  
31 system of financial records compliance questionnaire to the auditor general  
32 with the applicable audit reports.

33 E. Contracts for all financial and compliance audits and financial  
34 statement audits and the completed audits shall be approved by the auditor  
35 general as provided in section 41-1279.21. Contracts for all financial and  
36 compliance audits and financial statement audits shall comply with the rules  
37 for competitive sealed proposals as prescribed by the state board of  
38 education in section 15-213.

39 F. If the school district or charter school will incur costs of  
40 financial and compliance audits for the budget year, the governing board of a  
41 school district or the governing body of the charter school may increase its  
42 base support level for the budget year by an amount equal to the amount  
43 expended for the district's or charter school's financial and compliance  
44 audits in the year before the current year, increased by the growth rate as  
45 prescribed by law, subject to appropriation. In determining the amount  
46 expended for the district's or charter school's financial and compliance  
47 audits, the school district or charter school shall include only the portion  
48 of the audit ~~which~~ THAT must be paid from monies other than federal monies.  
49 The department of education and the auditor general shall prescribe a method

1 for determining the increase in the base support level and shall include in  
2 the maintenance and operation section of the budget format, as provided in  
3 section 15-903, a separate line for financial and compliance audits  
4 expenditures.

5 G. Beginning in fiscal year 2003-2004, every audit contract shall  
6 include a systematic review of average daily membership, as defined in  
7 section 15-901, using methodology that is consistent with guidelines  
8 established by the auditor general. The auditor general shall consider cost  
9 when establishing guidelines pursuant to this subsection and, to the extent  
10 possible, shall attempt to minimize the cost of the review. The purpose of  
11 the review is to determine whether the average daily membership reported by  
12 the charter school or school district is in compliance with the laws of this  
13 state and the uniform systems of financial records for charter schools and  
14 school districts.

15 Sec. 31. Section 15-914.01, Arizona Revised Statutes, is amended to  
16 read:

17 15-914.01. Accounting responsibility; definition

18 A. School districts ~~with a student count of at least four thousand~~ may  
19 apply to the state board of education to assume accounting responsibility.

20 B. A school district applying to the state board of education to  
21 assume accounting responsibility shall develop and file with the department  
22 of education an accounting responsibility plan and document in the plan:

23 1. Administrative and internal accounting controls designed to achieve  
24 compliance with the uniform system of financial records and the objectives of  
25 this section, including:

26 (a) Procedures for approving, preparing and signing vouchers and  
27 warrants.

28 (b) Procedures to ensure verification of administrators' and teachers'  
29 certification records with the department of education for all classroom and  
30 administrative personnel required to hold a certificate by the state board of  
31 education pursuant to section 15-203 before issuing warrants for their  
32 services.

33 (c) Procedures to account for all revenues, including allocation of  
34 certain revenues to funds.

35 (d) Procedures for reconciling the accounting records monthly to the  
36 county treasurer.

37 2. A compilation of resources required to implement accounting  
38 responsibility, including, at a minimum, personnel, training and equipment,  
39 and A comprehensive analysis of the budgetary implications of accounting  
40 responsibility for the school district and the county treasurer.

41 C. Prior to January 1 of the fiscal year preceding the fiscal year of  
42 implementation and before submitting an application to assume accounting  
43 responsibility, a school district shall apply for evaluation by the auditor  
44 general. On completion of the evaluation the auditor general may recommend  
45 approval or denial of accounting responsibility to the state board of  
46 education. The evaluation by the auditor general shall be performed  
47 contingent on staff availability and may be billed to the school district at  
48 cost. Evaluation at a minimum shall include the following:

1           1. The most recent financial statements audited by an independent  
2 certified public accountant.

3           2. The most recent report on internal control, report on compliance  
4 and uniform system of financial records compliance questionnaire prepared by  
5 an independent certified public accountant or procedural review completed by  
6 the auditor general.

7           3. The working papers of the independent certified public accountant  
8 responsible for auditing the school district, if deemed appropriate by the  
9 auditor general.

10          4. A procedural review if deemed appropriate by the auditor general.

11          D. School districts that are approved by the state board of education  
12 to assume accounting responsibility shall contract with an independent  
13 certified public accountant for an annual financial and compliance audit.  
14 The auditor general may reevaluate the school district annually based on the  
15 audit to determine compliance with the uniform system of financial records.  
16 IF PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT MAY CONVERT TO A BIENNIAL  
17 AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT CONDUCTED PURSUANT TO THIS  
18 SUBSECTION DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. IF A BIENNIAL  
19 AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY  
20 SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT SHALL CONVERT BACK TO AN  
21 ANNUAL AUDIT SCHEDULE. IF A SCHOOL DISTRICT IS REQUIRED TO CONVERT BACK TO  
22 AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS SUBSECTION BECAUSE OF SIGNIFICANT  
23 NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY SUBSEQUENTLY CONVERT TO A BIENNIAL  
24 AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL AUDITS DID NOT CONTAIN ANY  
25 SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES OF THIS SUBSECTION,  
26 "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT RESULTS IN THE ISSUANCE  
27 OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR GENERAL.

28          E. To assume accounting responsibility a school district shall notify  
29 the county treasurer and the county school superintendent of its intention  
30 before March 1 of the fiscal year preceding the fiscal year of  
31 implementation. On notification, the county treasurer shall establish  
32 acceptable standards for interface by school districts with the county  
33 treasurer, including specifications for computer hardware and software  
34 compatibility and procedures to ensure the capacity of each school district  
35 for reconciliation of accounts with those of the county treasurer.

36          F. Any school district that fails to maintain accounting standards as  
37 provided by the uniform system of financial records and THAT is found to be  
38 in noncompliance with the uniform system of financial records by the state  
39 board of education as provided in section 15-272 is not eligible to  
40 participate in the program provided by this section.

41          G. Any school district that has assumed accounting responsibility  
42 pursuant to this section, that fails to maintain accounting standards as  
43 provided by the uniform system of financial records and THAT is found to be  
44 in noncompliance with the uniform system of financial records by the state  
45 board of education as provided in section 15-272 is no longer eligible to  
46 participate in the program provided by this section.

47          H. For the purposes of this section, "accounting responsibility" means  
48 authority for a school district to operate with full independence from the  
49 county school superintendent with respect to revenues and expenditures,

1 including allocating revenues, monitoring vouchers, authorizing and issuing  
2 warrants and maintaining and verifying staff records for certification and  
3 payroll purposes.

4 Sec. 32. Section 15-918.05, Arizona Revised Statutes, is amended to  
5 read:

6 15-918.05. Career ladder programs; determination of  
7 equalization assistance payments from county and  
8 state monies

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

13 1. For a high school district or a common school district within a  
14 high school district that does not offer instruction in high school subjects  
15 as provided in section 15-447, the qualifying tax rate as provided in section  
16 15-971, subsection B, paragraph 1 shall be increased by two cents for each  
17 percentage increase in the base level as provided in section 15-918.04.

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

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

27 Sec. 33. Repeal

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

29 Sec. 34. Section 15-946, Arizona Revised Statutes, is amended to read:

30 15-946. Transportation revenue control limit

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

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

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

39 3. If the school district's transportation revenue control limit for  
40 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is  
41 equal to or greater than the amount determined in paragraph 1 of this  
42 subsection, the transportation revenue control limit for the fiscal year  
43 1985-1986 is the change in the transportation support level from the fiscal  
44 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue  
45 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of  
46 this subsection. For the fiscal years 1986-1987 and 1987-1988 the  
47 transportation revenue control limit is the transportation revenue control  
48 limit for the current year plus the change in the transportation support  
49 level for the current year to the budget year.

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

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

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

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

13           5. If the transportation revenue control limit of the school district  
14 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection  
15 is less than the amount determined in paragraph 1 of this subsection, the  
16 transportation revenue control limit for the fiscal years 1986-1987 and  
17 1987-1988 is the sum of the following:

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

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

21           (c) One-third of the amount obtained by subtracting the transportation  
22 revenue control limit for the fiscal year 1984-1985 as provided in paragraph  
23 2 of this subsection from the amount determined in paragraph 1 of this  
24 subsection.

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

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

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

41           3. Subtract the amount determined in paragraph 2 of this subsection  
42 from the amount determined in paragraph 1 of this subsection. If the result  
43 is zero or less, use zero in paragraph 4 of this subsection.

44           4. Subtract the amount determined in paragraph 3 of this subsection  
45 from the district's transportation revenue control limit for the current  
46 year. This is the adjusted transportation revenue control limit for the  
47 current year.

48           5. The transportation revenue control limit for the budget year is the  
49 adjusted transportation revenue control limit for the current year determined

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

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

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

13 Sec. 35. Section 15-971, Arizona Revised Statutes, is amended to read:  
14 **15-971. Determination of equalization assistance payments from**  
15 **county and state funds for school districts**

16 A. Equalization assistance for education is computed by determining  
17 the total of the following:

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

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

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

24 B. From the total of the amounts determined in subsection A of this  
25 section subtract:

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

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

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

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

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

45 (b) For the purposes of the amounts determined in subsection A,  
46 paragraphs 2 and 3 of this section, determine separately the amount of the  
47 capital outlay revenue limit and the amount of the soft capital allocation  
48 attributable to the student count in preschool programs for children with

1 disabilities, kindergarten programs and grades one through eight and grades  
2 nine through twelve.

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

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

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

22 C. County aid for equalization assistance for education shall be  
23 computed as follows:

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

26 2. Determine the total amount of state equalization assistance  
27 collected for all school districts in the county as provided in section  
28 15-994.

29 3. Divide the amount determined in paragraph 2 of this subsection by  
30 the amount determined in paragraph 1 of this subsection.

31 4. Multiply the amount determined in subsections A and B of this  
32 section by the quotient determined in paragraph 3 of this subsection for each  
33 school district.

34 5. The amount determined in paragraph 4 of this subsection shall be  
35 the county aid for equalization assistance for education for a school  
36 district.

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

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

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

44 3. Prorate the amount determined in paragraph 2 of this subsection to  
45 each school district in the county as prescribed by subsection C of this  
46 section.

47 4. Subtract the amount determined in paragraph 3 of this subsection  
48 from the amount determined in paragraph 1 of this subsection.

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

4 F. A school district shall report expenditures on approved career and  
5 technical education and vocational education programs in the annual financial  
6 report according to uniform guidelines prescribed by the uniform system of  
7 financial records and in order to facilitate compliance with sections 15-255  
8 and 15-904.

9 G. The additional weight for state aid purposes given to special  
10 education as provided in section 15-943 shall be given to school districts  
11 only if special education programs comply with ~~the provisions of~~ chapter 7,  
12 article 4 of this title and the conditions and standards prescribed by the  
13 superintendent of public instruction pursuant to rules of the state board of  
14 education for pupil identification and placement pursuant to sections 15-766  
15 and 15-767.

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

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

29 Sec. 36. Section 15-973, Arizona Revised Statutes, is amended to read:

30 15-973. Apportionment of funds; expenditure limitation

31 A. The state board of education shall apportion state aid from  
32 appropriations made for such purpose to the several counties on the basis of  
33 state aid entitlement for the school districts in each county. No allowance  
34 shall be made for nonresident alien children nor for wards of the United  
35 States for whom tuition is paid, but attendance of a student in a school of a  
36 county adjoining the county of his residence outside the state under a  
37 certificate of educational convenience as provided by section 15-825 shall be  
38 deemed to be enrollment in the school of the county or school district of his  
39 residence.

40 B. Apportionments shall be made as follows:

41 ~~1. On July 15, one-twelfth of the total amount to be apportioned~~  
42 ~~during the fiscal year.~~

43 1. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF AUGUST,  
44 ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

45 2. BY THE CLOSE OF BUSINESS on THE FIRST DAY OF BUSINESS OF September  
46 15, one-twelfth of the total amount to be apportioned during the fiscal year.

47 3. BY THE CLOSE OF BUSINESS on THE FIRST DAY OF BUSINESS OF October,  
48 one-twelfth of the total amount to be apportioned during the fiscal year.

1           4. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF NOVEMBER,  
2 ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

3           ~~4.~~ 5. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF  
4 December ~~15~~, one-twelfth of the total amount to be apportioned during the  
5 fiscal year.

6           ~~5.~~ 6. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF  
7 January ~~15~~, one-twelfth of the total amount to be apportioned during the  
8 fiscal year.

9           ~~6.~~ 7. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF  
10 February ~~15~~, one-twelfth of the total amount to be apportioned during the  
11 fiscal year.

12           ~~7.~~ 8. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF March  
13 ~~15~~, one-twelfth of the total amount to be apportioned during the fiscal year.

14           ~~8.~~ 9. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF April  
15 ~~15~~, ~~one-sixth~~ ONE-TWELFTH of the total amount to be apportioned during the  
16 fiscal year.

17           ~~9.~~ 10. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF May  
18 ~~15~~, ~~one-sixth~~ ONE-TWELFTH of the total amount to be apportioned during the  
19 fiscal year.

20           11. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF JUNE,  
21 ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

22           ~~10.~~ 12. BY THE CLOSE OF BUSINESS ON THE LAST DAY OF BUSINESS OF June  
23 ~~15~~, one-twelfth of the total amount to be apportioned during the fiscal year;  
24 ~~except that if the total amount of monies available to make the payment is~~  
25 ~~less than the amount of the payment, a portion of the June 15 payment may be~~  
26 ~~delayed no later than June 30 to allow for the receipt of income from the~~  
27 ~~permanent state common school fund.~~

28 The superintendent of public instruction shall furnish to the county  
29 treasurer and the county school superintendent an abstract of the  
30 apportionment and shall certify the apportionment to the department of  
31 administration, which shall draw its warrant in favor of the county treasurer  
32 of each county for the amount apportioned. Upon receipt of the warrant the  
33 county treasurer shall notify the county school superintendent of the amount,  
34 together with any other monies standing to the credit of such school district  
35 in the county school fund.

36           C. Notwithstanding subsection B of this section, if sufficient  
37 appropriated funds are available and on a showing by a school district that  
38 additional state monies are necessary for current expenses, an apportionment  
39 or part of an apportionment of state aid may be paid to the school district  
40 prior to the date set for such apportionment by subsection B of this section.  
41 After the first forty days in session of the current year, a school district  
42 may request additional state monies to fund the increased state aid due to  
43 anticipated student growth through the first one hundred days or two hundred  
44 days in session, as applicable, of the current year as provided in section  
45 15-948. In no event shall a school district have received more than  
46 three-fourths of its total apportionment before April ~~15~~ 30 of the fiscal  
47 year. Early payments pursuant to this subsection must be approved by the  
48 state treasurer, the director of the department of administration and the  
49 superintendent of public instruction.

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

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

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

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

14 (b) The amount computed as follows:

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

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

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

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

23 3. The reduction in state aid shall be made from equalization  
24 assistance as prescribed in section 15-971 or from additional state aid as  
25 prescribed in section 15-972 during the fiscal year following the fiscal year  
26 in which the monies are received. The superintendent of public instruction  
27 shall make additional adjustments in state aid for allowable deductions which  
28 were not made in any previous fiscal year which is not more than five years  
29 earlier than the year in which the adjustments are made. The superintendent  
30 of public instruction shall give the school district prior notice of the  
31 intention to make the additional adjustments and may distribute the  
32 adjustments over more than one year after considering the effects of the  
33 adjustments on the school district.

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

37 F. If a school district which is eligible to receive monies pursuant  
38 to this article is unable to meet a scheduled payment on any lawfully  
39 incurred long-term obligation for debt service as provided in section  
40 15-1022, the county treasurer shall use any amount distributed pursuant to  
41 this section to make the payment. The county treasurer shall keep a record  
42 of all the instances in which a payment is made pursuant to this subsection.  
43 Any monies subsequently collected by the district to make the scheduled  
44 payment shall be used to replace the amount diverted pursuant to this  
45 subsection. When determining the total amount to be funded by a levy of  
46 secondary taxes upon property within the school district for the following  
47 fiscal year, the county board of supervisors shall add to the amounts  
48 budgeted to be expended during the following fiscal year an amount equal to

1 the total of all payments pursuant to this subsection during the current  
2 fiscal year which were not repaid during the current year.

3 G. The total amount of state monies that may be spent in any fiscal  
4 year by the state board of education for apportionment of state aid for  
5 education shall not exceed the amount appropriated or authorized by section  
6 35-173 for that purpose. This section shall not be construed to impose a  
7 duty on an officer, agent or employee of this state to discharge a  
8 responsibility or to create any right in a person or group if the discharge  
9 or right would require an expenditure of state monies in excess of the  
10 expenditure authorized by legislative appropriation for that specific  
11 purpose.

12 Sec. 37. Section 15-977, Arizona Revised Statutes, is amended to read:  
13 15-977. Classroom site fund; definitions

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

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

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

- 41 1. School district performance and school performance.
- 42 2. Measures of academic progress toward the academic standards adopted  
43 by the state board of education.
- 44 3. Other measures of academic progress.
- 45 4. Dropout or graduation rates.
- 46 5. Attendance rates.
- 47 6. Ratings of school quality by parents.
- 48 7. Ratings of school quality by students.
- 49 8. The input of teachers and administrators.

1           9. Approval of the performance based compensation system based on an  
2 affirmative vote of at least seventy per cent of the teachers eligible to  
3 participate in the performance based compensation system.

4           10. An appeals process for teachers who have been denied performance  
5 based compensation.

6           11. Regular evaluation for effectiveness.

7           D. A performance based compensation system shall include teacher  
8 professional development programs that are aligned with the elements of the  
9 performance based compensation system.

10          E. A school district governing board may modify the elements contained  
11 in subsection C of this section and consider additional elements when  
12 adopting a performance based compensation system. A school district  
13 governing board shall adopt any modifications or additional elements and  
14 specify the criteria used at a public hearing.

15          F. Until December 31, 2009, each school district shall develop an  
16 assessment plan for its performance based compensation system and submit the  
17 plan to the department of education by December 31 of each year. A copy of  
18 the performance based compensation system and assessment plan adopted by the  
19 school district governing board shall be included in the report submitted to  
20 the department of education.

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

24           1. By March 30 of each year the staff of the joint legislative budget  
25 committee shall determine a per pupil amount from the fund for the budget  
26 year using the estimated statewide weighted count for the current year  
27 pursuant to section 15-943, paragraph 2, subdivision (a) and based on  
28 estimated available resources in the classroom site fund for the budget year  
29 **ADJUSTED FOR ANY PRIOR YEAR CARRYFORWARD OR SHORTFALL.**

30           2. The allocation to each charter school and school district for a  
31 fiscal year shall equal the per pupil amount established in paragraph 1 of  
32 this subsection for the fiscal year multiplied by the weighted student count  
33 for the school district or charter school for the fiscal year pursuant to  
34 section 15-943, paragraph 2, subdivision (a). For the purposes of this  
35 paragraph, the weighted student count for a school district that serves as  
36 the district of attendance for nonresident pupils shall be increased to  
37 include nonresident pupils who attend school in the school district.

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

43           (a) For stage one, one per cent.

44           (b) For stage two, two per cent.

45           (c) For stage three, three per cent.

46           (d) For stage four, four per cent.

47           (e) For stage five, five per cent.

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

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

- 3           1. Class size reduction.
- 4           2. Teacher compensation increases.
- 5           3. AIMS intervention programs.
- 6           4. Teacher development.
- 7           5. Dropout prevention programs.
- 8           6. Teacher liability insurance premiums.

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

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

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

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

45           M. Each school district and charter school, including school districts  
46 that unify pursuant to section 15-448 or consolidate pursuant to section  
47 15-459, shall establish a local level classroom site fund to receive  
48 allocations from the state level classroom site fund. The local level  
49 classroom site fund shall be a budgetary controlled account. Interest

1 charges for any registered warrants for the local level classroom site fund  
2 shall be a charge against the local level classroom site fund. Interest  
3 earned on monies in the local level classroom site fund shall be added to the  
4 local level classroom site fund as provided in section 15-978. In no event  
5 shall this state be required to make payments to a school district or charter  
6 school local level classroom site fund that are in addition to monies  
7 transferred to the state level classroom site fund pursuant to section  
8 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

14 O. If a school district is approved for a career ladder program  
15 pursuant to section 15-918.04 or an optional performance incentive program  
16 pursuant to section 15-919, the school district may continue to participate  
17 in those programs or may choose to receive additional teacher performance pay  
18 monies pursuant to subsection G, paragraph 3 of this section. If a school  
19 district chooses to receive monies pursuant to subsection G, paragraph 3 of  
20 this section, the school district shall reduce the amount of funding for its  
21 career ladder program or optional performance incentive program, as  
22 applicable, in an amount that is equal to the amount appropriated by the  
23 legislature for the applicable stage specified in subsection G, paragraph 3  
24 of this section. If a school district is approved for a career ladder  
25 program pursuant to section 15-918.04 or an optional performance incentive  
26 program pursuant to section 15-919 and that school district chooses to  
27 receive monies for stage one pursuant to subsection G, paragraph 3 of this  
28 section, the school district shall continue to receive funding through the  
29 remaining stages specified in subsection G, paragraph 3 of this section,  
30 subject to legislative appropriation. A school district that is subject to  
31 this subsection shall notify the department of education of the school  
32 district's intention to receive monies pursuant to subsection G, paragraph 3  
33 of this section no later than July 1 of the fiscal year that stage one monies  
34 are appropriated.

35 P. For the purposes of this section:

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

40 2. "Class size reduction" means any maintenance and operations  
41 expenditure that is designed to reduce the ratio of pupils to classroom  
42 teachers, including the use of persons who serve as aides to classroom  
43 teachers.

44 Sec. 38. Section 15-1021, Arizona Revised Statutes, is amended to  
45 read:

46 15-1021. Limitation on bonded indebtedness; limitation on  
47 authorization and issuance of bonds

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

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

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

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

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

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

1 F. ~~Class A~~ EXCEPT AS PROVIDED IN SECTION 15-491, SUBSECTION A,  
2 PARAGRAPH 3, bond proceeds shall not be expended for items whose useful life  
3 is less than the average life of the bonds issued, except that bond proceeds  
4 shall not be expended for items whose useful life is less than five years.

5 ~~G. Except as provided in subsection H of this section, class B bond~~  
6 ~~proceeds shall not be expended for soft capital items, computer hardware, or~~  
7 ~~other items whose useful life is less than the average useful life of the~~  
8 ~~bonds issued, except that bond proceeds shall not be expended for items whose~~  
9 ~~useful life is less than five years. For the purposes of this subsection,~~  
10 ~~"computer hardware" means an electronic device with an integrated circuit~~  
11 ~~that performs logic, arithmetic or memory functions by the manipulations of~~  
12 ~~electronic or magnetic impulses and includes all input, output, processing,~~  
13 ~~storage, software or communication facilities that are connected or related~~  
14 ~~to such a device in a system or network.~~

15 H. ~~G. Class B bond proceeds for a facility at a campus owned or~~  
16 ~~operated and maintained by a joint technological education district may be~~  
17 ~~expended for soft capital items, computer hardware, furniture or other~~  
18 ~~equipment, except that no bonds may be issued for these purposes for a~~  
19 ~~duration of more than five years. The total amount of bonds that a joint~~  
20 ~~technological education district may issue pursuant to this subsection shall~~  
21 ~~not exceed thirty per cent of the cost of the school facility, including~~  
22 ~~monies received for the school facility pursuant to this section. A joint~~  
23 ~~technological education district shall not spend class B bond proceeds to~~  
24 ~~construct or renovate a facility located on the campus of a school in a~~  
25 ~~school district that participates in the joint district unless the facility~~  
26 ~~is only used to provide career and technical education and is available to~~  
27 ~~all pupils who live within the joint technological education district. If~~  
28 ~~the facility is not owned by the joint technological education district, an~~  
29 ~~intergovernmental agreement or a written contract shall be executed for ten~~  
30 ~~years or the duration of the bonded indebtedness, whichever is greater. The~~  
31 ~~intergovernmental agreement or written contract shall include provisions:~~

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

35 2. That include the process to be used by the participating district  
36 to compensate the joint technology education district in the event that the  
37 facility is no longer used only for career and technology education programs  
38 offered by the joint technological education district during the life of the  
39 bond.

40 ~~I. Notwithstanding subsections F and G of this section, bond proceeds~~  
41 ~~may be expended for purchasing pupil transportation vehicles.~~

42 ~~J. H.~~ H. A school district shall not authorize, issue or sell bonds  
43 pursuant to this section if the school district has any existing indebtedness  
44 from impact aid revenue bonds pursuant to chapter 16, article 8 of this  
45 title, except for bonds issued to refund any bonds issued by the governing  
46 board.

1           Sec. 39. Section 15-1102, Arizona Revised Statutes, is amended to  
2 read:

3           15-1102. Disposition of proceeds from sale or lease of school  
4                   property; school plant monies; payment of bonded  
5                   indebtedness; definition

6           A. The governing board, or the superintendent or chief administrative  
7 officer with the approval of the governing board, may expend the proceeds  
8 from the sale or lease of school property for the payment of any outstanding  
9 bonded indebtedness of the school district or for the reduction of school  
10 district taxes.

11           B. A common school district or high school district which has an  
12 outstanding bonded indebtedness of seven per cent of the current year's  
13 assessed valuation or less or a unified school district which has an  
14 outstanding bonded indebtedness of fourteen per cent of the current year's  
15 assessed valuation or less may expend the proceeds from the sale or lease of  
16 school property for maintenance and operation or capital outlay, subject to  
17 the following limitations:

18           1. During the period that proceeds from the sale or lease of school  
19 property are used for capital outlay, the school district shall not call an  
20 override election to exceed the capital outlay revenue limit, except that  
21 during the last year of that period the school district may authorize an  
22 override election to exceed the capital outlay revenue limit beginning with  
23 the following year.

24           2. The total sum of the proceeds from the sale of school property  
25 before July 1, 1998 or the lease of school property for more than one year  
26 expended for maintenance and operation shall not exceed fifteen per cent of  
27 the revenue control limit as provided in section 15-947, subsection A in any  
28 year of which ten per cent may be used without voter approval and an  
29 additional five per cent may be used if the additional amount is approved by  
30 a majority of the qualified electors voting in an election called for such  
31 purposes. The election shall be conducted and notice and ballots shall be  
32 prepared as provided in section 15-481. Proceeds from the sale of school  
33 property from and after June 30, 1998 shall not be expended for maintenance  
34 and operation.

35           3. In any fiscal year in which a district utilizes budget increases as  
36 authorized in section 15-481, subsection E or F or section 15-482 or utilizes  
37 the proceeds from the sale of school property before July 1, 1998 or the  
38 lease of school property for more than one year for maintenance and operation  
39 or any combination of these provisions, the total amount of these increases  
40 which may be expended is equal to fifteen per cent of the revenue control  
41 limit for that year as provided in section 15-947, subsection A, provided  
42 that the following maximum amount is attributable to the use of any one  
43 provision:

44           (a) Fifteen per cent of the revenue control limit when using the  
45 proceeds from the sale before July 1, 1998 or lease of school property for  
46 maintenance and operation as provided in this section.

47           (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a  
48 budget increase as provided in section 15-481, subsection E or F, or both.

1 (c) Five per cent of the revenue control limit when using a budget  
2 increase as provided in section 15-482.

3 C. A common school district or high school district which has an  
4 outstanding bonded indebtedness of greater than seven per cent of the current  
5 year's assessed valuation or a unified school district which has an  
6 outstanding bonded indebtedness of greater than fourteen per cent of the  
7 current year's assessed valuation may expend the proceeds from the lease or  
8 sale of school property as follows:

9 1. For maintenance and operation, the expenditure may not exceed the  
10 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the  
11 amount of the proceeds from the lease of school property multiplied by .25.

12 2. For capital outlay, the expenditure of the proceeds:

13 (a) From the sale of school property may not exceed the amount of the  
14 proceeds multiplied by .62.

15 (b) From the lease of school property is not limited.

16 D. The governing board, or the superintendent or chief administrative  
17 officer with the approval of the governing board, shall promptly deposit  
18 monies received for and derived from the sale or lease of school property  
19 with the county treasurer who shall establish three school plant funds, one  
20 fund for monies received from the sale before July 1, 1998 or lease of school  
21 property for more than one year, one fund for monies received from the sale  
22 of school property from and after June 30, 1998 and one fund for monies  
23 received from the lease of school property for one year or less. The county  
24 treasurer shall credit the deposits to the respective school plant fund of  
25 the respective school district. Monies placed to the credit of the school  
26 plant funds may be expended as provided in this section. The school plant  
27 funds are continuing funds not subject to reversion.

28 E. Notwithstanding subsection C of this section, the governing board,  
29 or the superintendent or chief administrative officer with the approval of  
30 the governing board, may expend the proceeds from the sale before July 1,  
31 1998 or lease of school property for the additional maintenance and  
32 operations expenses incurred as the result of operating on a year-round  
33 school year operation basis pursuant to section 15-855. The amount that the  
34 governing board, superintendent or chief administrative officer may expend  
35 for a year-round school year operation, as provided in this subsection, is  
36 limited to the actual maintenance and operations costs incurred as the result  
37 of the year-round school year operation as documented in the school  
38 district's budget as provided in section 15-855. A governing board,  
39 superintendent or chief administrative officer that utilizes ~~the provisions~~  
40 ~~of~~ this subsection is subject to all other limitations prescribed in this  
41 section regarding the expenditure of proceeds from the sale before July 1,  
42 1998 or lease of school property.

43 F. Notwithstanding subsections B and D of this section, if the school  
44 district electors approve the sale of school property and the use of the  
45 proceeds for the purchase of school sites or the construction, improvement or  
46 furnishing of school facilities, the proceeds from the sale shall be put in a  
47 separate fund for use for the approved purpose as prescribed by the uniform  
48 system of financial records. This fund is a continuing fund not subject to

1 reversion, except that after ten years any unexpended monies shall be put in  
2 the school plant fund for use as prescribed in this section.

3 G. Proceeds from sales by condemnation or sales under threat of  
4 condemnation may be deposited with the county treasurer for deposit in the  
5 condemnation fund or the school plant fund of the school district. The  
6 condemnation fund is a continuing fund not subject to reversion, except that  
7 after ten years any unspent monies shall be placed in the school plant fund  
8 to be used as prescribed in this section. The governing board, or the  
9 superintendent or chief administrative officer with the approval of the  
10 governing board, may apply the proceeds in the condemnation fund to:

11 1. The payment of any outstanding bonded indebtedness of the school  
12 district which is payable from the levy of taxes upon property within the  
13 school district.

14 2. Construct, acquire, improve, repair or furnish school facilities or  
15 sites after notice and a hearing.

16 H. Proceeds from a right-of-way settlement shall be deposited with the  
17 county treasurer for deposit in the condemnation fund of the school district.  
18 The governing board, or the superintendent or chief administrative officer  
19 with the approval of the governing board, shall apply such proceeds in the  
20 condemnation fund to construct, acquire, improve, repair or furnish school  
21 facilities or sites after notice and a hearing.

22 I. For **THE** purposes of this section, "capital outlay" means  
23 unrestricted capital outlay as prescribed in section 15-903, subsection C.

24 Sec. 40. Section 15-1152, Arizona Revised Statutes, is amended to  
25 read:

26 **15-1152. School meal programs; nonschool meal programs; powers**  
27 **of state board of education**

28 The state board of education may enter into agreements with an agency  
29 of the federal government, a governing board or another agency or person,  
30 direct the disbursement of federal and state monies in accordance with  
31 ~~provisions of~~ federal and state law, direct the distribution of commodities  
32 as provided by federal and state law, prescribe regulations, employ  
33 personnel, give technical advice and assistance to governing boards in  
34 connection with establishment and operation of school meal programs, assist  
35 in training personnel engaged in operation of school meal programs and take  
36 other action it deems necessary to provide for the establishment and  
37 maintenance of school meal programs. The state board of education and the  
38 governing boards may also accept gifts for use in connection with a school  
39 meal program. Agreements entered into pursuant to this section are exempt  
40 from ~~the provisions of~~ section 11-952, ~~subsections~~ **SUBSECTION D and F**. The  
41 form to be used in the agreements shall be approved annually by the attorney  
42 general ~~prior to~~ **BEFORE** its use in such agreements. The department of  
43 education shall file with the secretary of state by January 1 one blank copy  
44 of the agreement form and a list of the agencies with which the department  
45 entered agreements during the preceding year.

1           Sec. 41. Section 15-1224, Arizona Revised Statutes, is amended to  
2 read:

3           15-1224. Grants to teachers for instruction

4           A. The governing board shall deposit in a separate bank account grants  
5 or gifts ~~which~~ THAT are less than one thousand five hundred dollars and  
6 designated for use by a teacher for instructional purposes if the governing  
7 board does not deposit the grant or gift as prescribed in section 15-341,  
8 subsection A, paragraph ~~15~~ 14.

9           B. A separate record shall be maintained for each grant or gift  
10 deposited in the bank account.

11           C. Disbursements from the bank account shall be by check signed by two  
12 employees of the school district appointed by the governing board and shall  
13 be authorized by the teacher designated to use the grant or gift as provided  
14 in the uniform system of financial records.

15           D. If any of the monies are not spent before the end of the fiscal  
16 year in which the gift or grant was accepted, the balance of the monies shall  
17 remain in the bank account until needed for instructional purposes as  
18 designated by the teacher, or determined by the grantor.

19           Sec. 42. Section 15-2002, Arizona Revised Statutes, is amended to  
20 read:

21           15-2002. Powers and duties; executive director; staffing;  
22           report

23           A. The school facilities board shall:

24           1. Make assessments of school facilities and equipment deficiencies  
25 and approve the distribution of grants as appropriate.

26           2. Develop a database for administering the building renewal formula  
27 prescribed in section 15-2031 and administer the distribution of monies to  
28 school districts for building renewal.

29           3. Inspect school buildings at least once every five years to ensure  
30 compliance with the building adequacy standards prescribed in section 15-2011  
31 and routine preventative maintenance guidelines as prescribed in this section  
32 with respect to construction of new buildings and maintenance of existing  
33 buildings. The school facilities board shall randomly select twenty school  
34 districts every thirty months and inspect them pursuant to this paragraph.

35           4. Review and approve student population projections submitted by  
36 school districts to determine to what extent school districts are entitled to  
37 monies to construct new facilities pursuant to section 15-2041. The board  
38 shall make a final determination within six months of the receipt of an  
39 application by a school district for monies from the new school facilities  
40 fund.

41           5. Certify that plans for new school facilities meet the building  
42 adequacy standards prescribed in section 15-2011.

43           6. Develop prototypical elementary and high school designs. The board  
44 shall review the design differences between the schools with the highest  
45 academic productivity scores and the schools with the lowest academic  
46 productivity scores. The board shall also review the results of a valid and  
47 reliable survey of parent quality rating in the highest performing schools  
48 and the lowest performing schools in this state. The survey of parent  
49 quality rating shall be administered by the department of education. The

1 board shall consider the design elements of the schools with the highest  
2 academic productivity scores and parent quality ratings in the development of  
3 elementary and high school designs. The board shall develop separate school  
4 designs for elementary, middle and high schools with varying pupil  
5 capacities.

6 7. Develop application forms, reporting forms and procedures to carry  
7 out the requirements of this article.

8 8. Review and approve or reject requests submitted by school districts  
9 to take actions pursuant to section 15-341, subsection ~~F~~ G.

10 9. Submit an annual report by December 15 to the speaker of the house  
11 of representatives, the president of the senate, the superintendent of public  
12 instruction, the director of the Arizona state library, archives and public  
13 records and the governor that includes the following information:

14 (a) A detailed description of the amount of monies distributed by the  
15 school facilities board in the previous fiscal year.

16 (b) A list of each capital project that received monies from the  
17 school facilities board during the previous fiscal year, a brief description  
18 of each project that was funded and a summary of the board's reasons for the  
19 distribution of monies for the project.

20 (c) A summary of the findings and conclusions of the building  
21 maintenance inspections conducted pursuant to this article during the  
22 previous fiscal year.

23 (d) A summary of the findings of common design elements and  
24 characteristics of the highest performing schools and the lowest performing  
25 schools based on academic productivity, including the results of the parent  
26 quality rating survey. For the purposes of this subdivision, "academic  
27 productivity" means academic year advancement per calendar year as measured  
28 with student-level data using the statewide nationally standardized  
29 norm-referenced achievement test.

30 10. By December 1 of each year, report to the joint committee on  
31 capital review the amounts necessary to fulfill the requirements of sections  
32 15-2022, 15-2031 and 15-2041 for the following fiscal year and the estimated  
33 amounts necessary to fulfill the requirements of sections 15-2022, 15-2031  
34 and 15-2041 for the fiscal year following the next fiscal year. The board  
35 shall provide copies of the report to the president of the senate, the  
36 speaker of the house of representatives and the governor.

37 11. Adopt minimum school facility adequacy guidelines to provide the  
38 minimum quality and quantity of school buildings and the facilities and  
39 equipment necessary and appropriate to enable pupils to achieve the  
40 educational goals of the Arizona state schools for the deaf and the blind.  
41 The school facilities board shall establish minimum school facility adequacy  
42 guidelines applicable to the Arizona state schools for the deaf and the  
43 blind.

44 12. In each even-numbered year, report to the joint committee on  
45 capital review the amounts necessary to fulfill the requirements of sections  
46 15-2031 and 15-2041 for the Arizona state schools for the deaf and the blind  
47 for the following two fiscal years. The Arizona state schools for the deaf  
48 and the blind shall incorporate the findings of the report in any request for  
49 building renewal monies and new school facilities monies. Any monies

1 provided to the Arizona state schools for the deaf and the blind for building  
2 renewal and for new school facilities are subject to legislative  
3 appropriation.

4 13. By June 15 of each year, submit detailed information regarding  
5 demographic assumptions, a proposed construction schedule and new school  
6 construction cost estimates for individual projects approved in the current  
7 fiscal year and expected project approvals for the upcoming fiscal year to  
8 the joint committee on capital review for its review. A copy of the report  
9 shall also be submitted to the governor's office of strategic planning and  
10 budgeting. The joint legislative budget committee staff, the governor's  
11 office of strategic planning and budgeting staff and the school facilities  
12 board staff shall agree on the format of the report.

13 14. Every two years, provide school districts with information on  
14 improving and maintaining the indoor environmental quality in school  
15 buildings.

16 B. The school facilities board may contract for private services in  
17 compliance with the procurement practices prescribed in title 41, chapter 23.

18 C. The governor shall appoint an executive director of the school  
19 facilities board pursuant to section 38-211. The executive director is  
20 eligible to receive compensation as determined pursuant to section 38-611 and  
21 may hire and fire necessary staff as approved by the legislature in the  
22 budget. The executive director shall have demonstrated competency in school  
23 finance, facilities design or facilities management, either in private  
24 business or government service. The executive director serves at the  
25 pleasure of the governor. The staff of the school facilities board is exempt  
26 from title 41, chapter 4, articles 5 and 6. The executive director:

27 1. Shall analyze applications for monies submitted to the board by  
28 school districts.

29 2. Shall assist the board in developing forms and procedures for the  
30 distribution and review of applications and the distribution of monies to  
31 school districts.

32 3. May review or audit, or both, the expenditure of monies by a school  
33 district for deficiencies corrections, building renewal and new school  
34 facilities.

35 4. Shall assist the board in the preparation of the board's annual  
36 report.

37 5. Shall research and provide reports on issues of general interest to  
38 the board.

39 6. May aid school districts in the development of reasonable and  
40 cost-effective school designs in order to avoid statewide duplicated efforts  
41 and unwarranted expenditures in the area of school design.

42 7. May assist school districts in facilitating the development of  
43 multijurisdictional facilities.

44 8. Shall assist the board in any other appropriate matter or method as  
45 directed by the members of the board.

46 9. Shall establish procedures to ensure compliance with the notice and  
47 hearing requirements prescribed in section 15-905. The notice and hearing  
48 procedures adopted by the board shall include the requirement, with respect  
49 to the board's consideration of any application filed after July 1, 2001 or

1 after December 31 of the year in which the property becomes territory in the  
2 vicinity of a military airport or ancillary military facility as defined in  
3 section 28-8461 for monies to fund the construction of new school facilities  
4 proposed to be located in territory in the vicinity of a military airport or  
5 ancillary military facility, that the military airport receive notification  
6 of the application by first class mail at least thirty days before any  
7 hearing concerning the application.

8 10. May expedite any request for monies in which the local match was  
9 not obtained for a project that received preliminary approval by the state  
10 board for school capital facilities.

11 11. Shall expedite any request for monies in which the school district  
12 governing board submits an application that shows an immediate need for a new  
13 school facility.

14 12. Shall make a determination as to administrative completion within  
15 one month after the receipt of an application by a school district for monies  
16 from the new school facilities fund.

17 13. Shall provide technical support to school districts as requested by  
18 school districts in connection with the construction of new school facilities  
19 and the maintenance of existing school facilities.

20 D. When appropriate, the school facilities board shall review and use  
21 the statewide school facilities inventory and needs assessment conducted by  
22 the joint committee on capital review and issued in July, 1995.

23 E. The school facilities board shall contract with one or more private  
24 building inspectors to complete an initial assessment of school facilities  
25 and equipment and shall inspect each school building in this state at least  
26 once every five years to ensure compliance with section 15-2011. A copy of  
27 the inspection report, together with any recommendations for building  
28 maintenance, shall be provided to the school facilities board and the  
29 governing board of the school district.

30 F. The school facilities board may consider appropriate combinations  
31 of facilities or uses in making assessments of and curing deficiencies  
32 pursuant to subsection A, paragraph 1 of this section and in certifying plans  
33 for new school facilities pursuant to subsection A, paragraph 5 of this  
34 section.

35 G. The board shall not award any monies to fund new facilities that  
36 are financed by class A bonds that are issued by the school district.

37 H. The board shall not distribute monies to a school district for  
38 replacement or repair of facilities if the costs associated with the  
39 replacement or repair are covered by insurance or a performance or payment  
40 bond.

41 I. The board may contract for construction services and materials that  
42 are necessary to correct existing deficiencies in school district facilities.  
43 The board may procure the construction services necessary pursuant to this  
44 subsection by any method, including construction-manager-at-risk,  
45 design-build, design-bid-build or job-order-contracting as provided by title  
46 41, chapter 23. The construction planning and services performed pursuant to  
47 this subsection are exempt from section 41-791.01.

48 J. The school facilities board may enter into agreements with school  
49 districts to allow school facilities board staff and contractors access to

1 school property for the purposes of performing the construction services  
2 necessary pursuant to subsection I of this section.

3 K. Each school district shall develop routine preventative maintenance  
4 guidelines for its facilities. The guidelines shall be submitted to the  
5 school facilities board for review and approval. If upon inspection by the  
6 school facilities board it is determined that a school district facility was  
7 inadequately maintained pursuant to the school district's routine  
8 preventative maintenance guidelines, the school district shall use building  
9 renewal monies pursuant to section 15-2031, subsection L to return the  
10 building to compliance with the school district's routine preventative  
11 maintenance guidelines. Once the district is in compliance, it no longer is  
12 required to use building renewal monies for preventative maintenance.

13 L. The school facilities board may temporarily transfer monies between  
14 the capital reserve fund established by section 15-2003, the emergency  
15 deficiencies correction fund established by section 15-2022, the building  
16 renewal fund established by section 15-2031 and the new school facilities  
17 fund established by section 15-2041 if all of the following conditions are  
18 met:

19 1. The transfer is necessary to avoid a temporary shortfall in the  
20 fund into which the monies are transferred.

21 2. The transferred monies are restored to the fund where the monies  
22 originated as soon as practicable after the temporary shortfall in the other  
23 fund has been addressed.

24 3. The school facilities board reports to the joint committee on  
25 capital review the amount of and the reason for any monies transferred.

26 Sec. 43. Section 15-2011, Arizona Revised Statutes, is amended to  
27 read:

28 15-2011. Minimum school facility adequacy requirements;  
29 definition

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

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

36 1. The buildings contain sufficient and appropriate space and  
37 equipment that comply with the minimum school facility adequacy guidelines  
38 established pursuant to subsection F of this section. The state shall not  
39 fund facilities for elective courses that require the school district  
40 facilities to exceed minimum school facility adequacy requirements. The  
41 school facilities board shall determine whether a school building meets the  
42 requirements of this paragraph by analyzing the total square footage that is  
43 available for each pupil in conjunction with the need for specialized spaces  
44 and equipment.

45 2. The buildings are in compliance with federal, state and local  
46 building and fire codes and laws that are applicable to the particular  
47 building. An existing school building is not required to comply with current  
48 requirements for new buildings unless this compliance is specifically

1 mandated by law or by the building or fire code of the jurisdiction where the  
2 building is located.

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

6 4. The buildings are structurally sound.

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

10 1. For a school district that provides instruction to pupils in  
11 programs for preschool children with disabilities, kindergarten programs and  
12 grades one through six, eighty square feet per pupil in programs for  
13 preschool children with disabilities, kindergarten programs and grades one  
14 through six.

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

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

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

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

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

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

37 D. The school facilities board may modify the square footage  
38 requirements prescribed in subsection C of this section or modify the amount  
39 of monies awarded to cure the square footage deficiency pursuant to this  
40 section for particular school districts based on extraordinary circumstances  
41 for any of the following considerations:

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

43 2. Geographic factors.

44 3. Grade configurations other than those prescribed in subsection C of  
45 this section.

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

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

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

2           (a) Total gross square footage.

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

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

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

15           5. Include all portable and modular buildings.

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

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

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

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

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

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

39           F. The school facilities board shall adopt rules establishing minimum  
40 school facility adequacy guidelines. The executive director of the school  
41 facilities board shall report monthly to the joint committee on capital  
42 review on the progress of the development of the proposed rules establishing  
43 the guidelines. The joint committee on capital review shall review the  
44 proposed guidelines before the school facilities board adopts the rules to  
45 establish the minimum school facility adequacy guidelines. The guidelines  
46 shall provide the minimum quality and quantity of school buildings and  
47 facilities and equipment necessary and appropriate to enable pupils to  
48 achieve the academic standards pursuant to section 15-203, subsection A,  
49 paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the

1 school facilities board shall address all of the following in developing  
2 these guidelines:

- 3 1. School sites.
- 4 2. Classrooms.
- 5 3. Libraries and media centers, or both.
- 6 4. Cafeterias.
- 7 5. Auditoriums, multipurpose rooms or other multiuse space.
- 8 6. Technology.
- 9 7. Transportation.
- 10 8. Facilities for science, arts and physical education.
- 11 9. Other facilities and equipment that are necessary and appropriate  
12 to achieve the academic standards prescribed pursuant to section 15-203,  
13 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 14 10. Appropriate combinations of facilities or uses listed in this  
15 section.

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

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

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

33 Sec. 44. Section 15-2041, Arizona Revised Statutes, is amended to  
34 read:

35 15-2041. New school facilities fund; capital plan; report

36 A. A new school facilities fund is established consisting of monies  
37 appropriated by the legislature and monies credited to the fund pursuant to  
38 section 37-221. The school facilities board shall administer the fund and  
39 distribute monies, as a continuing appropriation, to school districts for the  
40 purpose of constructing new school facilities. On June 30 of each fiscal  
41 year, any unobligated contract monies in the new school facilities fund shall  
42 be transferred to the capital reserve fund established by section 15-2003.

43 B. The school facilities board shall prescribe a uniform format for  
44 use by the school district governing board in developing and annually  
45 updating a capital plan that consists of each of the following:

- 46 1. Enrollment projections for the next five years for elementary  
47 schools and eight years for middle and high schools, including a description  
48 of the methods used to make the projections.

1           2. A description of new schools or additions to existing schools  
2 needed to meet the building adequacy standards prescribed in section 15-2011.  
3 The description shall include:

4           (a) The grade levels and the total number of pupils that the school or  
5 addition is intended to serve.

6           (b) The year in which it is necessary for the school or addition to  
7 begin operations.

8           (c) A timeline that shows the planning and construction process for  
9 the school or addition.

10          3. Long-term projections of the need for land for new schools.

11          4. Any other necessary information required by the school facilities  
12 board to evaluate a school district's capital plan.

13          5. If a school district pays tuition for all or a portion of the  
14 school district's high school pupils to another school district, the capital  
15 plan shall indicate the number of pupils for which the district pays tuition  
16 to another district. If a school district accepts pupils from another school  
17 district pursuant to section 15-824, subsection A, the school district shall  
18 indicate the projections for this population separately. This paragraph does  
19 not apply to a small isolated school district as defined in section 15-901.

20          C. If the capital plan indicates a need for a new school or an  
21 addition to an existing school within the next four years or a need for land  
22 within the next ten years, the school district shall submit its plan to the  
23 school facilities board by September 1 and shall request monies from the new  
24 school facilities fund for the new construction or land. Monies provided for  
25 land shall be in addition to any monies provided pursuant to subsection D of  
26 this section.

27          D. The school facilities board shall distribute monies from the new  
28 school facilities fund as follows:

29           1. The school facilities board shall review and evaluate the  
30 enrollment projections and either approve the projections as submitted or  
31 revise the projections. In determining new construction requirements, the  
32 school facilities board shall determine the net new growth of pupils that  
33 will require additional square footage that exceeds the building adequacy  
34 standards prescribed in section 15-2011. If the projected growth and the  
35 existing number of pupils exceed three hundred fifty pupils who are served in  
36 a school district other than the pupil's resident school district, the school  
37 facilities board, the receiving school district and the resident school  
38 district shall develop a capital facilities plan on how to best serve those  
39 pupils. A small isolated school district as defined in section 15-901 is not  
40 required to develop a capital facilities plan pursuant to this paragraph.

41           2. If the approved projections indicate that additional space will not  
42 be needed within the next two years for elementary schools or three years for  
43 middle or high schools in order to meet the building adequacy standards  
44 prescribed in section 15-2011, the request shall be held for consideration by  
45 the school facilities board for possible future funding and the school  
46 district shall annually submit an updated plan until the additional space is  
47 needed.

48           3. If the approved projections indicate that additional space will be  
49 needed within the next two years for elementary schools or three years for

1 middle or high schools in order to meet the building adequacy standards  
2 prescribed in section 15-2011, the school facilities board shall provide an  
3 amount as follows:

4 (a) Determine the number of pupils requiring additional square footage  
5 to meet building adequacy standards. This amount for elementary schools  
6 shall not be less than the number of new pupils for whom space will be needed  
7 in the next year and shall not exceed the number of new pupils for whom space  
8 will be needed in the next five years. This amount for middle and high  
9 schools shall not be less than the number of new pupils for whom space will  
10 be needed in the next four years and shall not exceed the number of new  
11 pupils for whom space will be needed in the next eight years.

12 (b) Multiply the number of pupils determined in subdivision (a) of  
13 this paragraph by the square footage per pupil. The square footage per pupil  
14 is ninety square feet per pupil for preschool children with disabilities,  
15 kindergarten programs and grades one through six, one hundred square feet for  
16 grades seven and eight, one hundred thirty-four square feet for a school  
17 district that provides instruction in grades nine through twelve for fewer  
18 than one thousand eight hundred pupils and one hundred twenty-five square  
19 feet for a school district that provides instruction in grades nine through  
20 twelve for at least one thousand eight hundred pupils. The total number of  
21 pupils in grades nine through twelve in the district shall determine the  
22 square footage factor to use for net new pupils. The school facilities board  
23 may modify the square footage requirements prescribed in this subdivision for  
24 particular schools based on any of the following factors:

25 (i) The number of pupils served or projected to be served by the  
26 school district.

27 (ii) Geographic factors.

28 (iii) Grade configurations other than those prescribed in this  
29 subdivision.

30 (iv) Compliance with minimum school facility adequacy requirements  
31 established pursuant to section 15-2011.

32 (c) Multiply the product obtained in subdivision (b) of this paragraph  
33 by the cost per square foot. The cost per square foot is ninety dollars for  
34 preschool children with disabilities, kindergarten programs and grades one  
35 through six, ninety-five dollars for grades seven and eight and one hundred  
36 ten dollars for grades nine through twelve. The cost per square foot shall  
37 be adjusted annually for construction market considerations based on an index  
38 identified or developed by the joint legislative budget committee as  
39 necessary but not less than once each year. The school facilities board  
40 shall multiply the cost per square foot by 1.05 for any school district  
41 located in a rural area. The school facilities board may ONLY modify the  
42 base cost per square foot prescribed in this subdivision for particular  
43 schools based on geographic conditions or site conditions. For the purposes  
44 of this subdivision, "rural area" means an area outside a thirty-five mile  
45 radius of a boundary of a municipality with a population of more than fifty  
46 thousand persons.

47 (d) Once the school district governing board obtains approval from the  
48 school facilities board for new facility construction funds, additional  
49 portable or modular square footage created for the express purpose of

1 providing temporary space for pupils until the completion of the new facility  
2 shall not be included by the school facilities board for the purpose of new  
3 construction funding calculations. On completion of the new facility  
4 construction project, if the portable or modular facilities continue in use,  
5 the portable or modular facilities shall be included as prescribed by this  
6 chapter, unless the school facilities board approves their continued use for  
7 the purpose of providing temporary space for pupils until the completion of  
8 the next new facility that has been approved for funding from the new school  
9 facilities fund.

10 4. For projects approved after December 31, 2001, and notwithstanding  
11 paragraph 3 of this subsection, a unified school district that does not have  
12 a high school is not eligible to receive high school space as prescribed by  
13 section 15-2011 and this section unless the unified district qualifies for  
14 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of  
15 this subsection.

16 5. If a joint technological education district leases a building from  
17 a school district, that building shall be included in the school district's  
18 square footage calculation for the purposes of new construction pursuant to  
19 this section.

20 E. Monies for architectural and engineering fees, project management  
21 services and preconstruction services shall be distributed on the completion  
22 of the analysis by the school facilities board of the school district's  
23 request. After receiving monies pursuant to this subsection, the school  
24 district shall submit a design development plan for the school or addition to  
25 the school facilities board before any monies for construction are  
26 distributed. If the school district's request meets the building adequacy  
27 standards, the school facilities board may review and comment on the  
28 district's plan with respect to the efficiency and effectiveness of the plan  
29 in meeting state square footage and facility standards before distributing  
30 the remainder of the monies. If the school facilities board modifies the  
31 cost per square foot as prescribed in subsection D, paragraph 3, subdivision  
32 (c), the school facilities board may deduct the cost of project management  
33 services and preconstruction services from the required cost per square  
34 foot. The school facilities board may decline to fund the project if the  
35 square footage is no longer required due to revised enrollment projections.

36 F. The school facilities board shall distribute the monies needed for  
37 land for new schools so that land may be purchased at a price that is less  
38 than or equal to fair market value and in advance of the construction of the  
39 new school. If necessary, the school facilities board may distribute monies  
40 for land to be leased for new schools if the duration of the lease exceeds  
41 the life expectancy of the school facility by at least fifty per cent. The  
42 proceeds derived through the sale of any land purchased or partially  
43 purchased with monies provided by the school facilities board shall be  
44 returned to the state fund from which it was appropriated and to any other  
45 participating entity on a proportional basis. Except as provided in section  
46 15-342, paragraph 33, if a school district acquires real property by donation  
47 at an appropriate school site approved by the school facilities board, the  
48 school facilities board shall distribute an amount equal to twenty per cent  
49 of the fair market value of the donated real property that can be used for

1 academic purposes. The school district shall place the monies in the  
2 unrestricted capital outlay fund and increase the unrestricted capital budget  
3 limit by the amount of monies placed in the fund. Monies distributed under  
4 this subsection shall be distributed from the new school facilities fund. A  
5 school district that receives monies from the new school facilities fund for  
6 a donation of land pursuant to section 15-342, paragraph 33 shall not receive  
7 monies from the school facilities board for the donation of real property  
8 pursuant to this subsection. A school district shall not pay a consultant a  
9 percentage of the value of any of the following:

10 1. Donations of real property, services or cash from any of the  
11 following:

12 (a) Entities that have offered to provide construction services to the  
13 school district.

14 (b) Entities that have been contracted to provide construction  
15 services to the school district.

16 (c) Entities that build residential units in that school district.

17 (d) Entities that develop land for residential use in that school  
18 district.

19 2. Monies received from the school facilities board on behalf of the  
20 school district.

21 3. Monies paid by the school facilities board on behalf of the school  
22 district.

23 G. In addition to distributions to school districts based on pupil  
24 growth projections, a school district may submit an application to the school  
25 facilities board for monies from the new school facilities fund if one or  
26 more school buildings have outlived their useful life. If the school  
27 facilities board determines that the school district needs to build a new  
28 school building for these reasons, the school facilities board shall remove  
29 the square footage computations that represent the building from the  
30 computation of the school district's total square footage for purposes of  
31 this section. If the square footage recomputation reflects that the school  
32 district no longer meets building adequacy standards, the school district  
33 qualifies for a distribution of monies from the new school construction  
34 formula in an amount determined pursuant to subsection D of this section.  
35 Buildings removed from a school district's total square footage pursuant to  
36 this subsection shall not be included in the computation of monies from the  
37 building renewal fund established by section 15-2031. The school facilities  
38 board may **ONLY** modify the base cost per square foot prescribed in this  
39 subsection under extraordinary circumstances for geographic factors or site  
40 conditions.

41 H. School districts that receive monies from the new school facilities  
42 fund shall establish a district new school facilities fund and shall use the  
43 monies in the district new school facilities fund only for the purposes  
44 prescribed in this section. By October 15 of each year, each school district  
45 shall report to the school facilities board the projects funded at each  
46 school in the previous fiscal year with monies from the district new school  
47 facilities fund and shall provide an accounting of the monies remaining in  
48 the new school facilities fund at the end of the previous fiscal year.

1 I. If a school district has surplus monies received from the new  
2 school facilities fund, the school district may use the surplus monies only  
3 for capital purposes for the project for up to one year after completion of  
4 the project. If the school district possesses surplus monies from the new  
5 school construction project that have not been expended within one year of  
6 the completion of the project, the school district shall return the surplus  
7 monies to the school facilities board for deposit in the new school  
8 facilities fund.

9 J. The board's consideration of any application filed after July 1,  
10 2001 or after December 31 of the year in which the property becomes territory  
11 in the vicinity of a military airport or ancillary military facility as  
12 defined in section 28-8461 for monies to fund the construction of new school  
13 facilities proposed to be located in territory in the vicinity of a military  
14 airport or ancillary military facility shall include, if after notice is  
15 transmitted to the military airport pursuant to section 15-2002 and before  
16 the public hearing the military airport provides comments and analysis  
17 concerning compatibility of the proposed school facilities with the high  
18 noise or accident potential generated by military airport or ancillary  
19 military facility operations that may have an adverse effect on public health  
20 and safety, consideration and analysis of the comments and analysis provided  
21 by the military airport before making a final determination.

22 K. If a school district uses its own project manager for new school  
23 construction, the members of the school district governing board and the  
24 project manager shall sign an affidavit stating that the members and the  
25 project manager understand and will follow the minimum adequacy requirements  
26 prescribed in section 15-2011.

27 L. The school facilities board shall establish a separate account in  
28 the new school facilities fund designated as the litigation account to pay  
29 attorney fees, expert witness fees and other costs associated with litigation  
30 in which the school facilities board pursues the recovery of damages for  
31 deficiencies correction that resulted from alleged construction defects or  
32 design defects that the school facilities board believes caused or  
33 contributed to a failure of the school building to conform to the building  
34 adequacy requirements prescribed in section 15-2011. Attorney fees paid  
35 pursuant to this subsection shall not exceed the market rate for similar  
36 types of litigation. The joint committee on capital review shall conduct an  
37 annual review of the litigation account, including the costs associated with  
38 current and potential litigation.

39 M. Until the state board of education and the auditor general adopt  
40 rules pursuant to section 15-213, subsection I, the school facilities board  
41 may allow school districts to contract for construction services and  
42 materials through the qualified select bidders list method of project  
43 delivery for new school facilities pursuant to this section.

44 N. The school facilities board shall submit a report on project  
45 management services and preconstruction services to the governor, the  
46 president of the senate and the speaker of the house of representatives by  
47 December 31 of each year. The report shall compare projects that use project  
48 management and preconstruction services with those that do not. The report  
49 shall address cost, schedule and other measurable components of a

1 construction project. School districts, construction manager at risk firms  
2 and project management firms that participate in a school facilities board  
3 funded project shall provide the information required by the school  
4 facilities board in relation to this report.

5 0. If a school district constructs new square footage according to  
6 section 15-342, paragraph 33, the school facilities board shall review the  
7 design plans and location of any new school facility submitted by school  
8 districts and another party to determine whether the design plans comply with  
9 the adequacy standards prescribed in section 15-2011 and the square footage  
10 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)  
11 of this section. When the school district qualifies for a distribution of  
12 monies from the new school facilities fund according to this section, the  
13 school facilities board shall distribute monies to the school district from  
14 the new school facilities fund for the square footage constructed under  
15 section 15-342, paragraph 33 at the same cost per square foot established by  
16 this section that was in effect at the time of the beginning of the  
17 construction of the school facility. Before the school facilities board  
18 distributes any monies pursuant to this subsection, the school district shall  
19 demonstrate to the school facilities board that the facilities to be funded  
20 pursuant to this section meet the minimum adequacy standards prescribed in  
21 section 15-2011. The agreement entered into pursuant to section 15-342,  
22 paragraph 33 shall set forth the procedures for the allocation of these funds  
23 to the parties that participated in the agreement.

24 Sec. 45. Repeal

25 Title 15, chapter 17, Arizona Revised Statutes, is repealed.

26 Sec. 46. Section 38-232, Arizona Revised Statutes, is amended to read:

27 38-232. Time of oath

28 When a different time is not prescribed, the oath of office shall be  
29 taken, ~~AND subscribed and filed~~ as follows:

30 1. If appointed, at ~~least one day~~ OR before commencement of the term  
31 of office.

32 2. If elected, at any time after receiving the officer's certificate  
33 of election, and at ~~least one day~~ OR before commencement of the term of  
34 office.

35 Sec. 47. Section 38-766.01, Arizona Revised Statutes, is amended to  
36 read:

37 38-766.01. Retired members; return to work

38 A. Notwithstanding section 38-766, a retired member may return to work  
39 and still be eligible to receive retirement benefits if all of the following  
40 requirements are satisfied:

41 1. The retired member has attained the member's normal retirement age.

42 2. The retired member terminated employment at least twelve months  
43 before returning to work.

44 3. If the retired member returns to work as a teacher, the retired  
45 member is working as a certificated teacher.

46 4. If the retired member returns to work as a teacher, the retired  
47 member's employment is not subject to the requirements prescribed in sections  
48 15-536, 15-538, 15-538.01 and 15-539 through 15-543.

1           5. The retired member acknowledges in writing the provisions of this  
2 section.

3           B. An employer of a retired member who returns to work pursuant to  
4 this section shall not pay contributions on behalf of the retired member  
5 pursuant to section 38-736, 38-737 or 38-797.05. A retired member who  
6 returns to work pursuant to this section does not accrue credited service,  
7 retirement benefits or long-term disability program benefits pursuant to  
8 article 2.1 of this chapter for the period the retired member returns to  
9 work.

10          Sec. 48. Section 41-1232.04, Arizona Revised Statutes, is amended to  
11 read:

12           41-1232.04. Registration; exceptions

13           Sections 41-1232, ~~and~~ 41-1232.01, 41-1232.02 AND 41-1232.03 do not  
14 apply to a person if that person is acting in the following capacity:

15           1. A natural person who merely appears for himself before a committee  
16 of the legislature or before a state officer or employee or a state agency,  
17 board, commission or council to lobby in support of or in opposition to  
18 legislation or official action.

19           2. A natural person who, acting in his own behalf, sends a letter to,  
20 converses on the telephone with or has a personal conversation with a state  
21 officer or employee for the purpose of supporting or opposing any legislation  
22 or official action.

23           3. A duly elected or retained public official, judge or justice, ~~an~~  
24 ~~individual~~ A PERSON duly appointed to an elective public office, or an  
25 appointed member of a state, county or local board, advisory committee,  
26 commission or council acting in his official capacity on matters pertaining  
27 to his office, board, advisory committee, commission or council.

28           4. A person who answers technical questions or provides technical  
29 information at the request of a lobbyist, designated public lobbyist,  
30 authorized public lobbyist or legislator and who makes no expenditures  
31 required to be reported by this article.

32           5. A person who performs professional services in drafting bills or in  
33 advising and rendering opinions to clients as to the construction and effect  
34 of proposed or pending legislation.

35           6. An attorney who represents clients before any court or before any  
36 quasi-judicial body.

37           7. A person who contacts a state officer or state employee solely for  
38 the purpose of acquiring information.

39           8. A person who contacts a state officer, ~~or~~ state employee, SCHOOL  
40 DISTRICT GOVERNING BOARD MEMBER OR SCHOOL DISTRICT EMPLOYEE in connection  
41 with the procurement or attempted procurement of, OR THE FULFILLMENT OF  
42 CONTRACTS FOR, materials, services or construction. FOR THE PURPOSES OF THIS  
43 PARAGRAPH, SERVICES INCLUDE BONDING SERVICES.

44           9. A natural person who is a member of an association ~~and~~, who is not  
45 the lobbyist for compensation, designated lobbyist or authorized lobbyist for  
46 the association and who does not make any expenditures that would otherwise  
47 be required to be reported by this article if the natural person were a  
48 lobbyist, designated public lobbyist or authorized public lobbyist.

1           Sec. 49. Section 41-1758, Arizona Revised Statutes, is amended to  
2 read:

3           41-1758. Definitions

4           In this article, unless the context otherwise requires:

5           1. "Agency" means the supreme court, the department of economic  
6 security, the department of education, the department of health services, the  
7 department of juvenile corrections, the department of emergency and military  
8 affairs, the board of fingerprinting or the board of examiners of nursing  
9 care institution administrators and assisted living facility managers.

10           2. "Division" means the fingerprinting division in the department of  
11 public safety.

12           3. "Good cause exception" means the issuance of a fingerprint  
13 clearance card to an employee pursuant to section 41-619.55.

14           4. "Person" means a person who is required to be fingerprinted  
15 pursuant to any of the following:

16           (a) Section 8-105.

17           (b) Section 8-322.

18           (c) Section 8-509.

19           (d) Section 8-802.

20           (e) Section 15-183.

21           (f) SECTION 15-503.

22           ~~(f)~~ (g) Section 15-534.

23           ~~(g)~~ (h) Section 15-1330.

24           ~~(h)~~ (i) Section 15-1881.

25           ~~(i)~~ (j) Section 26-103.

26           ~~(j)~~ (k) Section 36-411.

27           ~~(k)~~ (l) Section 36-425.03.

28           ~~(l)~~ (m) Section 36-446.04.

29           ~~(m)~~ (n) Section 36-594.01.

30           ~~(n)~~ (o) Section 36-594.02.

31           ~~(o)~~ (p) Section 36-882.

32           ~~(p)~~ (q) Section 36-883.02.

33           ~~(q)~~ (r) Section 36-897.01.

34           ~~(r)~~ (s) Section 36-897.03.

35           ~~(s)~~ (t) Section 36-3008.

36           ~~(t)~~ (u) Section 41-619.52.

37           ~~(u)~~ (v) Section 41-619.53.

38           ~~(v)~~ (w) Section 41-1964.

39           ~~(w)~~ (x) Section 41-1967.01.

40           ~~(x)~~ (y) Section 41-1968.

41           ~~(y)~~ (z) Section 41-1969.

42           ~~(z)~~ (aa) Section 41-2814.

43           ~~(aa)~~ (bb) Section 46-141, subsection A.

44           ~~(bb)~~ (cc) Section 46-321.

45           5. "Vulnerable adult" has the same meaning prescribed in section  
46 13-3623.

1           Sec. 50. Section 41-1758.01, Arizona Revised Statutes, as amended by  
2 Laws 2009, chapter 8, section 17, is amended to read:

3           41-1758.01. Fingerprinting division; duties

4           The fingerprinting division is established in the department of public  
5 safety and shall:

6           1. Conduct fingerprint background checks for persons and applicants  
7 who are seeking employment with licensees, contract providers and state  
8 agencies or seeking employment or educational opportunities with agencies  
9 that require fingerprint background checks pursuant to sections 8-105, 8-322,  
10 8-509, 8-802, 15-183, 15-503, 15-534, 15-1330, 15-1881, 26-103, 36-411,  
11 36-425.03, 36-446.04, 36-594.01, 36-594.02, 36-882, 36-883.02, 36-897.01,  
12 36-897.03, 36-3008, 41-619.52, 41-619.53, 41-1964, 41-1967.01, 41-1968,  
13 41-1969 and 41-2814, section 46-141, subsection A and section 46-321.

14           2. Issue fingerprint clearance cards. On issuance, a fingerprint  
15 clearance card becomes the personal property of the cardholder and the  
16 cardholder shall retain possession of the fingerprint clearance card.

17           3. On submission of an application for a fingerprint clearance card,  
18 collect the fees established by the board of fingerprinting pursuant to  
19 section 41-619.53 and deposit, pursuant to sections 35-146 and 35-147, the  
20 monies collected in the board of fingerprinting fund.

21           4. Inform in writing each person who submits fingerprints for a  
22 fingerprint background check of the person's right to petition the board of  
23 fingerprinting for a good cause exception pursuant to sections 41-1758.03 and  
24 41-1758.07.

25           5. Administer and enforce this article.

26           Sec. 51. Section 41-2632, Arizona Revised Statutes, is amended to  
27 read:

28           41-2632. Cooperative purchasing authorized

29           A. Any public procurement unit may either participate in, sponsor,  
30 conduct or administer a cooperative purchasing agreement for the procurement  
31 of any materials, services or construction with one or more public  
32 procurement units in accordance with an agreement entered into between the  
33 participants. A nonprofit educational or public health institution may enter  
34 into an agreement pursuant to this section if one or more of the parties  
35 involved is a public procurement unit. An agreement entered into as provided  
36 in this article is exempt from section 11-952, ~~subsections~~ **SUBSECTION D**  
37 ~~and F~~. Parties under a cooperative purchasing agreement may:

38           1. Sponsor, conduct or administer a cooperative agreement for the  
39 procurement or disposal of any materials, services or construction.

40           2. Cooperatively use materials or services.

41           3. Commonly use or share warehousing facilities, capital equipment and  
42 other facilities.

43           4. Provide personnel, except that the requesting public procurement  
44 unit shall pay the public procurement unit providing the personnel the direct  
45 and indirect cost of providing the personnel, in accordance with the  
46 agreement.

47           5. On request, make available to other public procurement units  
48 informational, technical or other services or software that may assist in  
49 improving the efficiency or economy of procurement. The public procurement

1 unit furnishing the informational, technical or other services or software  
2 has the right to request reimbursement for the reasonable and necessary costs  
3 of providing these services or software.

4 B. The school facilities board or school districts, or both, may enter  
5 into an agreement with a public procurement unit pursuant to this section for  
6 the purpose of procuring materials and services needed to correct  
7 deficiencies in school facilities ~~as determined in section 15-2021.~~

8 C. The activities described in this section do not limit what parties  
9 may do under a cooperative purchasing agreement.

10 D. A nonprofit corporation operating as a public procurement unit  
11 under this section, on request of the auditor general, shall provide to the  
12 auditor general all documentation concerning any cooperative purchasing  
13 transaction the public procurement unit administers under this section.

14 E. A nonprofit corporation operating as a public procurement unit  
15 under this section shall comply with all procurement laws applicable to the  
16 public procurement unit participating in a cooperative purchasing transaction  
17 that the nonprofit corporation administers.

18 F. This section does not abrogate the responsibility of each public  
19 procurement unit to ensure compliance with procurement laws that apply to the  
20 particular public procurement, notwithstanding the fact that the cooperative  
21 purchase is administered by a nonprofit corporation operating under this  
22 section.

23 Sec. 52. Section 42-6206, Arizona Revised Statutes, is amended to  
24 read:

25 42-6206. Development agreements; acknowledgment of tax  
26 liability; default

27 A. Each lease or development agreement between a prime lessee and a  
28 government lessor entered into after June 30, 1996 shall include:

29 1. A notice of the tax liability under this article.

30 2. A provision that failure by the prime lessee to pay the tax after  
31 notice and an opportunity to cure is an event of default that could result in  
32 divesting the prime lessee of any interest in or right of occupancy of the  
33 government property improvement.

34 B. NO LATER THAN JUNE 30 OF EACH YEAR THE GOVERNMENT LESSOR SHALL  
35 PROVIDE THE COUNTY ASSESSOR WITH A COMPLETE LIST OF DEVELOPMENT AGREEMENTS  
36 BETWEEN THE GOVERNMENT LESSOR AND THE PRIME LESSEES, INCLUDING THE  
37 COMMENCEMENT AND TERMINATION DATES OF THE AGREEMENTS, THE NAMES AND ADDRESSES  
38 OF THE PRIME LESSEES AND THE LOCATIONS OF THE PROPERTIES THAT ARE SUBJECT TO  
39 THE AGREEMENTS.

40 Sec. 53. Section 42-13051, Arizona Revised Statutes, is amended to  
41 read:

42 42-13051. Duties of county assessor

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

47 B. The assessor shall:



1 D. NO LATER THAN DECEMBER 31, THE PROPERTY TAX OVERSIGHT COMMISSION  
2 SHALL NOTIFY THOSE SCHOOL DISTRICTS THAT MEET THE CRITERIA DESCRIBED IN  
3 SUBSECTION C OF THIS SECTION AND THE COUNTY SCHOOL SUPERINTENDENTS AND BOARDS  
4 OF SUPERVISORS OF THE COUNTIES IN WHICH THE SCHOOL DISTRICTS ARE LOCATED.

5 ~~6.~~ E. Within three days after the final levies are determined for a  
6 county, city, town or community college district, the chief county fiscal  
7 officer shall notify the property tax oversight commission of the amount of  
8 the primary property tax levied.

9 Sec. 55. Repeal

10 Laws 2008, chapter 287, section 65 is repealed.

11 Sec. 56. Laws 2009, chapter 6, section 1 is amended to read:

12 Section 1. Calculation of state aid allocations: school  
13 districts

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

18 1. Identify the total ending ~~cash~~ FUND balance of each school district  
19 in this state as of June 30, 2009 in its maintenance and operation funds,  
20 capital outlay funds and soft capital allocation funds.

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

23 3. IDENTIFY FOR EACH SCHOOL DISTRICT IN THIS STATE THE AMOUNT OF BASIC  
24 STATE AID AND ADDITIONAL STATE AID THAT WAS SCHEDULED TO BE APPORTIONED ON  
25 MAY 15, 2009 PURSUANT TO SECTION 15-973, ARIZONA REVISED STATUTES, BUT THAT  
26 WAS DEFERRED PURSUANT TO LEGISLATION ENACTED INTO LAW DURING MAY 2009.

27 4. CALCULATE FOR EACH SCHOOL DISTRICT IN THIS STATE THE SUM OF THE  
28 AMOUNTS IDENTIFIED IN PARAGRAPHS 2 AND 3 OF THIS SUBSECTION.

29 ~~3.~~ 5. Identify for each school district in this state the amount, if  
30 any, that is budgeted for budget balances for fiscal year 2009-2010 pursuant  
31 to section 15-918.04, subsection C, Arizona Revised Statutes, section  
32 15-919.04, subsection D, Arizona Revised Statutes, section 15-943.01, Arizona  
33 Revised Statutes, and section 15-947, subsection D, paragraph 4 and  
34 subsection E, paragraph 2, Arizona Revised Statutes.

35 ~~4.~~ 6. Calculate for each school district in this state the sum of the  
36 amounts identified in paragraph ~~3~~ 5 of this subsection.

37 ~~5.~~ 7. Subtract for each school district in this state the amount  
38 determined in paragraph ~~4~~ 6 of this subsection from the amount determined in  
39 paragraph ~~2~~ 4 of this subsection. IF THE COMPUTED AMOUNT IS ZERO OR A  
40 NEGATIVE NUMBER, USE ZERO.

41 ~~6.~~ 8. Identify the total revenue received by each school district in  
42 this state for its maintenance and operation funds, capital outlay funds and  
43 soft capital allocation funds for fiscal year 2008-2009, excluding the  
44 beginning cash balances in each of those funds.

45 ~~7.~~ 9. Calculate for each school district in this state the sum of the  
46 amounts identified in paragraph ~~6~~ 8 of this subsection.

47 ~~8.~~ 10. Identify the total P.L. 81-874 revenue received by each school  
48 district in this state for its maintenance and operation funds, capital  
49 outlay funds and soft capital allocation funds for fiscal year 2008-2009.

1           ~~9-~~ 11. Calculate for each school district in this state the sum of  
2 the amounts identified in paragraph ~~8-~~ 10 of this subsection.

3           ~~10-~~ 12. Divide for each school district in this state the amount  
4 determined in paragraph ~~9-~~ 11 of this subsection by the amount determined in  
5 paragraph ~~7-~~ 9 of this subsection.

6           ~~11-~~ 13. Multiply the quotient determined in paragraph ~~10~~ 12 of this  
7 subsection by the amount determined in paragraph ~~5-~~ 7 of this subsection.

8           ~~12-~~ 14. Subtract the amount determined in paragraph ~~11~~ 13 of this  
9 subsection from the amount determined in paragraph ~~5-~~ 7 of this subsection.  
10 IF THE COMPUTED AMOUNT IS ZERO OR A NEGATIVE NUMBER, USE ZERO.

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

15           ~~14-~~ 16. For each school district in this state except accommodation  
16 schools as defined in section 15-101, Arizona Revised Statutes, subtract the  
17 amount determined in paragraph ~~12~~ 14 of this subsection from the amount  
18 determined in paragraph ~~13~~ 15 of this subsection. If the computed amount is  
19 zero or a negative amount, use zero. For accommodation schools, use the  
20 amount identified in paragraph ~~13~~ 15 of this subsection. The amount  
21 determined pursuant to this paragraph is the amount of the apportionment to  
22 the school district or accommodation school.

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

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

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

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

36           C. Notwithstanding any provision of law, for fiscal year 2009-2010, if  
37 the governing board of a school district incurred interest expenses for  
38 registering warrants in fiscal year 2008-2009 or expects to incur interest  
39 expenses for registering warrants in fiscal year 2009-2010 related to basic  
40 state aid and additional state aid that was scheduled to be apportioned on  
41 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that  
42 was deferred pursuant to legislation enacted into law during May 2009, the  
43 governing board may budget an estimated amount for those interest expenses.  
44 Any such amount is specifically exempt from the revenue control limit in  
45 fiscal year 2009-2010. If the budgeted estimate amount is greater than the  
46 amount received pursuant to subsection B of this section, the governing board  
47 shall not expend more than the amount received pursuant to subsection B of  
48 this section. If the budgeted estimate amount is less than the amount  
49 received pursuant to subsection B of this section, the governing board may

1 revise its budget during fiscal year 2009-2010 to include the actual amount  
2 received pursuant to subsection B of this section and shall not expend more  
3 than the amount received pursuant to subsection B of this section.

4 D. School districts shall include in the revenue estimates that they  
5 use for computing their tax rates for fiscal year 2009-2010 the monies that  
6 they will receive pursuant to subsection A, paragraph ~~14~~ 16 of this section.

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

11 Sec. 57. Repeal

12 Laws 2009, forty-ninth legislature, third special session, chapter 2,  
13 sections 5, 7, 8 and 9 are repealed.

14 Sec. 58. Joint technological education district equalization  
15 funding; pro rata reduction

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

20 B. Notwithstanding subsection A of this section, a joint technological  
21 education district shall not receive less equalization formula funding for  
22 fiscal year 2009-2010 than it received for fiscal year 2008-2009 except for  
23 reductions due to changes in student counts, net assessed property values or  
24 other technical factors or due to prior year adjustments or corrections. For  
25 the purposes of this subsection, "equalization formula funding" means the sum  
26 of a joint technological education district's base support level, as  
27 prescribed in section 15-943.02, Arizona Revised Statutes, and its capital  
28 outlay revenue limit and soft capital allocation, as prescribed in section  
29 15-962.01, Arizona Revised Statutes.

30 Sec. 59. Reduction in school district state aid apportionment  
31 in fiscal year 2009-2010; appropriations in fiscal  
32 year 2010-2011

33 A. Notwithstanding any other law, the state board of education shall  
34 defer until after July 1, 2010 but no later than August 29, 2010 \$602,627,700  
35 of the basic state aid and additional state aid payment that otherwise would  
36 be apportioned to school districts under law during June 2010 pursuant to  
37 section 15-973, Arizona Revised Statutes, as amended by this act. The  
38 funding deferral required by this subsection does not apply to charter  
39 schools.

40 B. The sum of \$602,627,700 is appropriated in fiscal year 2010-2011  
41 from the state general fund to the state board of education and the  
42 superintendent of public instruction for basic state aid and additional state  
43 aid entitlement for fiscal year 2010-2011. This appropriation shall be  
44 disbursed after July 1, 2010 but no later than August 29, 2010 to the several  
45 counties for the school districts in each county in amounts equal to the  
46 reductions in apportionment of basic state aid and additional state aid that  
47 are required pursuant to subsection A of this section for fiscal year  
48 2009-2010.

1 C. The sum of \$886,200 is appropriated in fiscal year 2010-2011 from  
2 the state general fund to the state board of education and the superintendent  
3 of public instruction for any costs to school districts that may be  
4 associated with the reductions in apportionment of basic state aid and  
5 additional state aid for fiscal year 2009-2010 that are required pursuant to  
6 subsection A of this section. This appropriation shall be disbursed after  
7 July 1, 2010 but no later than August 29, 2010 to the several counties for  
8 the school districts in each county and shall be allocated based on the per  
9 cent of the total \$602,627,700 deferred payment for fiscal year 2009-2010  
10 that is attributable to each individual school district.

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

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

29 Sec. 60. Elimination of adjustment for rapid decline in student  
30 count beginning in fiscal year 2009-2010

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

34 Sec. 61. Building renewal fund; suspension in fiscal year  
35 2009-2010

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

39 Sec. 62. School facilities board; new construction moratorium

40 A. Except as provided in section 74 of this act, relating to school  
41 facilities board lease-to-own, notwithstanding sections 15-2011 and 15-2041,  
42 Arizona Revised Statutes, as amended by this act, for fiscal year 2009-2010,  
43 the school facilities board shall not authorize or award funding for the  
44 design or construction of any new school facility and shall not authorize or  
45 award funding for school site acquisitions.

46 B. During fiscal year 2009-2010, school districts shall submit capital  
47 plans according to section 15-2041, subsection C, Arizona Revised Statutes,  
48 as amended by this act. The school facilities board may review and award new

1 school facilities as outlined in section 15-2041, Arizona Revised Statutes,  
2 as amended by this act, subject to future appropriations.

3 Sec. 63. Early graduation scholarship program; funding  
4 suspension; temporary moratorium on new program  
5 participants

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

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

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

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

24 E. For fiscal year 2009-2010, the commission for postsecondary  
25 education may solicit, receive and administer private and corporate  
26 donations, federal grants and other federal monies in support of the early  
27 graduation scholarship program. All monies received pursuant to this  
28 subsection shall be deposited in the early graduation scholarship fund.

29 Sec. 64. Soft capital reduction for school districts for fiscal  
30 year 2009-2010

31 The department of education shall implement the following:

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

37 2. For fiscal year 2009-2010, the department of education shall reduce  
38 the soft capital allocation for a school district that is not eligible to  
39 receive basic state aid funding for fiscal year 2009-2010 by the amount that  
40 its soft capital allocation would be reduced pursuant to paragraph 1 of this  
41 section if the district was eligible to receive basic state aid funding for  
42 fiscal year 2009-2010 and shall reduce the school district's budget limits  
43 accordingly.

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

47 4. Notwithstanding paragraphs 1 and 2 of this section, the department  
48 of education shall reduce by fifty per cent the soft capital reduction that  
49 would otherwise be calculated pursuant to this section for kindergarten

1 programs and grades one through eight for a school district that has a  
2 student count of fewer than six hundred in kindergarten programs and grades  
3 one through eight.

4 5. Notwithstanding paragraphs 1 and 2 of this section, the department  
5 of education shall reduce by fifty per cent the soft capital reduction that  
6 would otherwise be calculated pursuant to this section for grades nine  
7 through twelve for a school district that has a student count of fewer than  
8 six hundred in grades nine through twelve.

9 Sec. 65. Soft capital expenditures for fiscal year 2009-2010

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

13 Sec. 66. Annual performance audit: AIMS intervention and  
14 dropout prevention program: suspension in fiscal  
15 year 2009-2010

16 Notwithstanding section 15-809, subsection C, Arizona Revised Statutes,  
17 the department of education is not required to contract with a private entity  
18 to conduct an annual performance audit of the AIMS intervention and dropout  
19 prevention program for fiscal year 2009-2010.

20 Sec. 67. School districts: expenditure of remaining bond  
21 proceeds from 2000

22 Notwithstanding any other law, a school district may expend the  
23 remaining proceeds from a bond election conducted in November, 2000 to make  
24 modifications to an existing school facility rather than build a new school  
25 facility if the school district meets all of the following criteria:

26 1. The school district is a unified school district that is located in  
27 a county with a population of more than three million persons.

28 2. Had a total average daily membership count in kindergarten programs  
29 and grades one through eight of more than three thousand eight hundred pupils  
30 but less than three thousand nine hundred pupils and a total average daily  
31 membership count in grades nine through twelve of more than one thousand  
32 seven hundred pupils but less than one thousand eight hundred pupils for the  
33 2007-2008 school year.

34 3. Does not qualify for state aid for equalization assistance for  
35 education funding under section 15-971, subsection D, Arizona Revised  
36 Statutes, as amended by this act.

37 Sec. 68. Special education cost study: suspension in fiscal  
38 years 2009-2010 and 2010-2011

39 Notwithstanding section 15-236, Arizona Revised Statutes, the  
40 department of education shall not conduct a cost study of special education  
41 programs in fiscal years 2009-2010 and 2010-2011.

42 Sec. 69. School district budgets: actual utility costs and  
43 funding plan: fiscal year 2009-2010

44 A. Notwithstanding section 15-910.04, Arizona Revised Statutes, a  
45 school district is not permitted to adjust its revenue control limit in  
46 fiscal year 2009-2010 for actual utility costs.

47 B. Notwithstanding section 15-910.03, Arizona Revised Statutes, a  
48 school district is not required to submit a funding plan pursuant to that  
49 section in fiscal year 2009-2010.



1           Sec. 71. Saving clause

2           This act does not affect any special budget overrides pursuant to  
3 section 15-482, Arizona Revised Statutes, as amended by this act, that were  
4 approved by a majority of the qualified electors of a school district voting  
5 in the election before the effective date of this act. Special budget  
6 overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by  
7 this act, that were approved by a majority of the qualified electors of a  
8 school district voting in the election before the effective date of this act  
9 shall continue for the duration previously authorized by the qualified  
10 electors or until the qualified electors of the school district subsequently  
11 approve a budget increase in an amount of not more than fifteen per cent of  
12 the revenue control limit as prescribed in section 15-481, subsection G,  
13 Arizona Revised Statutes, as amended by this act, whichever occurs first.

14           Sec. 72. Override election procedures for fiscal year 2009-2010

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

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

28           2. If a majority of the qualified electors in a school district voting  
29 in the election approve a proposed budget increase in an amount of not more  
30 than ten per cent of the revenue control limit in an election conducted on  
31 the first Tuesday in November 2009, the school district may subsequently  
32 conduct an election on the second Tuesday in March 2010 to submit to the  
33 qualified electors a proposed budget increase in an amount of not more than  
34 an additional five per cent of the revenue control limit. Override elections  
35 conducted in subsequent fiscal years shall be as prescribed by statute.

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

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

9 4. A governing board may cancel any override election previously  
10 called for November 2009 no later than August 15, 2009 in order to implement  
11 this section.

12 Sec. 73. Transportation school district; lapsing; annexation;  
13 definition; delayed repeal

14 A. Notwithstanding section 15-469, Arizona Revised Statutes, and until  
15 June 30, 2010, a county school superintendent may suspend a transportation  
16 school district and report the suspension and the reasons for the suspension  
17 to the board of supervisors of the county at the next meeting of the board of  
18 supervisors. The board of supervisors of the county may declare a  
19 transportation school district lapsed and may annex the territory to one or  
20 more of the adjoining school districts. The board of supervisors may dispose  
21 of the property of the lapsed school district and credit the proceeds to the  
22 lapsed school district. The county school superintendent shall determine the  
23 total indebtedness of the lapsed school district, excluding bonded  
24 indebtedness, and shall submit a warrant to the county treasurer for payment  
25 of the amount of this indebtedness. Any balance remaining after this payment  
26 shall be transferred to the county school fund. This subsection applies to a  
27 school district if all of the following conditions exist:

28 1. The school district is a transportation school district as defined  
29 in this section that is located in a county with a population of less than  
30 one hundred fifty thousand persons but more than one hundred twenty thousand  
31 persons.

32 2. The school district's average daily membership for the 2007-2008  
33 school year was less than fifty pupils between the ages of six and twenty-one  
34 years for three months during the school year.

35 B. For the purposes of this section, "transportation school district"  
36 means a school district that does not offer instruction to any pupils who  
37 reside in that school district and that transports pupils who reside in that  
38 school district to one or more other school district for instruction.

39 C. This section is repealed from and after July 1, 2010.

40 Sec. 74. Overrides; revenue control limit calculation; fiscal  
41 year 2009-2010

42 Notwithstanding section 15-947, subsection A, Arizona Revised Statutes,  
43 or any other law, for fiscal year 2009-2010 for purposes of computing the  
44 maximum budget increase that may be requested and authorized through override  
45 elections pursuant to title 15, chapter 4, article 4, Arizona Revised  
46 Statutes, school districts may compute a revenue control limit that assumes  
47 that the base level defined in section 15-901, subsection B, Arizona Revised  
48 Statutes, as amended by this act, for fiscal year 2009-2010 is three thousand  
49 two hundred ninety-one dollars forty-two cents.



1 section 15-943, Arizona Revised Statutes, the department of education shall  
2 assume that the base level amount defined in section 15-901, subsection B,  
3 paragraph 2, Arizona Revised Statutes, for fiscal year 2009-2010 is three  
4 thousand two hundred one dollars eighty-nine cents.

5 Sec. 80. Additional assistance funding for charter schools;  
6 reductions for fiscal year 2009-2010

7 For fiscal year 2009-2010, the department of education shall reduce by  
8 \$5,000,000 the amount of additional assistance funding that otherwise would  
9 be apportioned to charter schools statewide for fiscal year 2009-2010  
10 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised  
11 Statutes, as amended by this act. The funding reductions required under this  
12 section shall be made on a proportional basis based on the additional  
13 assistance funding that each charter school in the state would receive for  
14 fiscal year 2009-2010 apart from the prescribed reduction.

15 Sec. 81. School district budgets; revision

16 Notwithstanding section 15-905, subsection Q, Arizona Revised Statutes,  
17 school districts may revise their budgets to conform to the provisions of  
18 this act before November 1, 2009.

19 Sec. 82. Conforming legislation

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

23 Sec. 83. Retroactivity; saving clause

24 A. Section 15-105, Arizona Revised Statutes, as amended by this act,  
25 applies retroactively to September 26, 2008.

26 B. Subsection A of this section does not apply to pupils who before  
27 the effective date of this act qualified for participation in the early  
28 graduation scholarship program by graduating one semester early. A pupil who  
29 before the effective date of this act qualified for participation in the  
30 early graduation scholarship program by graduating one semester early may  
31 continue to participate in the program for the duration of that pupil's  
32 eligibility and shall be funded with remaining balances in the early  
33 graduation scholarship fund.

34 Sec. 84. Retroactivity

35 Laws 2009, chapter 6, section 1, as amended by this act, applies  
36 retroactively to from and after June 30, 2009.

37 Sec. 85. Effective date

38 Section 11-952, Arizona Revised Statutes, as amended by Laws 2005,  
39 chapter 273, section 3 and this act, is effective from and after December 31,  
40 2009."

41 Amend title to conform

RUSSELL PEARCE

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