

State of Arizona  
Senate  
Fiftieth Legislature  
First Regular Session  
2011

# SENATE BILL 1263

## AN ACT

AMENDING SECTIONS 13-3311 AND 15-101, ARIZONA REVISED STATUTES; REPEALING SECTION 15-108, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-182 AND 15-183, ARIZONA REVISED STATUTES; AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 1 AND LAWS 2010, SECOND REGULAR SESSION, CHAPTER 17, SECTION 2, CHAPTER 306, SECTION 1, CHAPTER 332, SECTION 4 AND CHAPTER 333, SECTION 2; REPEALING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 1; AMENDING SECTIONS 15-203, 15-213, 15-304 AND 15-341, ARIZONA REVISED STATUTES; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 332, SECTION 9; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 332, SECTION 10; REPEALING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 117, SECTION 6; AMENDING SECTIONS 15-491, 15-914, 15-977 AND 15-991, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 16; REPEALING SECTION 15-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 19; BLENDING MULTIPLE ENACTMENTS; RELATING TO THE ADMINISTRATION OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 13-3311, Arizona Revised Statutes, is amended to  
3 read:

4 13-3311. Amusement gambling intellectual contests or events;  
5 registration; filing of rules; sworn statement;  
6 exceptions

7 A. Before any person conducts an amusement gambling intellectual  
8 contest or event pursuant to section 13-3301, paragraph 1, subdivision (d),  
9 item (iii), the person shall register with the attorney general's  
10 office. The registration shall include:

- 11 1. The name and address of the person conducting the contest or event.
- 12 2. The minimum dollar amount of all prizes to be awarded.
- 13 3. The duration of the event.
- 14 4. The statutory agent or person authorized to accept service of  
15 process in Arizona for the person conducting the contest or event.
- 16 5. All rules governing the contest or event, including the rules  
17 applicable in case of a tie.
- 18 6. The name and description of the product and the established  
19 purchase price for the product.

20 B. Within ten days following the award of all prizes in connection  
21 with an amusement gambling intellectual contest or event, the person  
22 conducting the contest or event shall file with the attorney general's office  
23 the names and addresses of all persons who have won prizes in connection with  
24 the contest or event.

25 C. For each amusement gambling intellectual contest or event held, the  
26 person conducting the event shall file with the attorney general's office a  
27 sworn statement under oath that no increment has been added to the  
28 established purchase price for the product in connection with the gambling  
29 event.

30 D. This section does not apply to organizations that have qualified  
31 for an exemption from taxation of income under section 43-1201, paragraph 1,  
32 2, 4, 5, 6, 7, 10 or 11 OR TO ACADEMIC COMPETITIONS CONDUCTED BY SCHOOL  
33 DISTRICTS OR CHARTER SCHOOLS THAT AWARD CASH, PRIZES OR SCHOLARSHIPS TO  
34 PARTICIPANTS.

35 Sec. 2. Section 15-101, Arizona Revised Statutes, is amended to read:

36 15-101. Definitions

37 In this title, unless the context otherwise requires:

- 38 1. "Accommodation school" means either:

39 (a) A school ~~which~~ THAT is operated through the county board of  
40 supervisors and the county school superintendent and ~~which~~ THAT the county  
41 school superintendent administers to serve a military reservation or  
42 territory ~~which~~ THAT is not included within the boundaries of a school  
43 district.

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

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

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

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

15 4. "Charter school" means a public school established by contract with  
16 a district governing board, the state board of education, ~~or~~ the state board  
17 for charter schools, [A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD  
18 OF REGENTS, A COMMUNITY COLLEGE DISTRICT WITH ENROLLMENT OF MORE THAN FIFTEEN  
19 THOUSAND FULL-TIME EQUIVALENT STUDENTS OR A GROUP OF COMMUNITY COLLEGE  
20 DISTRICTS WITH A COMBINED ENROLLMENT OF MORE THAN FIFTEEN THOUSAND FULL-TIME  
21 EQUIVALENT STUDENTS](#) pursuant to article 8 of this chapter to provide learning  
22 that will improve pupil achievement.

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

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

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

31 8. "Competency" means a demonstrated ability in a skill at a specified  
32 performance level.

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

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

39 11. "Dual enrollment course" means a college level course that is  
40 conducted on the campus of a high school or on the campus of a joint  
41 technical education district, that is applicable to an established community  
42 college academic degree or certificate program and that is transferable to a  
43 university under the jurisdiction of the Arizona board of regents. A dual  
44 enrollment course that is applicable to a community college occupational

1 degree or certificate program may be transferable to a university under the  
2 jurisdiction of the Arizona board of regents.

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

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

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

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

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

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

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

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

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

25 21. "School district" means a political subdivision of this state with  
26 geographic boundaries organized for the purpose of the administration,  
27 support and maintenance of the public schools or an accommodation school.

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

34 23. "Subject" means a division or field of organized knowledge, such as  
35 English or mathematics, or a selection from an organized body of knowledge  
36 for a course or teaching unit, such as the English novel or elementary  
37 algebra.

38 Sec. 3. Repeal

39 Section 15-108, Arizona Revised Statutes, is repealed.

40 Sec. 4. Section 15-182, Arizona Revised Statutes, is amended to read:

41 15-182. State board for charter schools; membership; terms;  
42 compensation; duties

43 A. The state board for charter schools is established consisting of  
44 the following members:

1           1. The superintendent of public instruction or the superintendent's  
2 designee.

3           2. Six members of the general public, at least two of whom shall  
4 reside in a school district where at least sixty per cent of the children who  
5 attend school in the district meet the eligibility requirements established  
6 under the national school lunch and child nutrition acts (42 United States  
7 Code sections 1751 through 1785) for free lunches, and at least one of whom  
8 shall reside on an Indian reservation, who are appointed by the governor  
9 pursuant to section 38-211.

10          3. Two members of the business community who are appointed by the  
11 governor pursuant to section 38-211.

12          4. A teacher who provides classroom instruction at a charter school  
13 and who is appointed by the governor pursuant to section 38-211.

14          5. An operator of a charter school who is appointed by the governor  
15 pursuant to section 38-211.

16          6. Three members of the legislature who shall serve as advisory  
17 members and who are appointed jointly by the president of the senate and the  
18 speaker of the house of representatives.

19          B. The superintendent of public instruction shall serve a term on the  
20 state board for charter schools that runs concurrently with the  
21 superintendent's term of office. The members appointed pursuant to  
22 subsection A, paragraph 6 of this section shall serve two year terms on the  
23 state board for charter schools that begin and end on the third Monday in  
24 January and that run concurrently with their respective terms of office.  
25 Members appointed pursuant to subsection A, paragraphs 2, 3, 4 and 5 of this  
26 section shall serve staggered four year terms that begin and end on the third  
27 Monday in January.

28          C. The state board for charter schools shall annually elect a  
29 president and such other officers as it deems necessary from among its  
30 membership.

31          D. Members of the state board for charter schools are not eligible to  
32 receive compensation but are eligible for reimbursement of expenses pursuant  
33 to title 38, chapter 4, article 2.

34          E. The state board for charter schools shall:

35           1. Exercise general supervision over charter schools sponsored by the  
36 board and recommend legislation pertaining to charter schools to the  
37 legislature.

38           2. Grant charter status to qualifying applicants for charter schools  
39 pursuant to section 15-183.

40           3. Adopt and use an official seal in the authentication of its acts.

41           4. Keep a record of its proceedings.

42           5. Adopt rules for its own government.

43           6. Determine the policy of the board and the work undertaken by it.

44           7. Delegate to the superintendent of public instruction the execution  
45 of board policies.

1           8. Prepare a budget for expenditures necessary for the proper  
2 maintenance of the board and the accomplishment of its purpose.

3           F. The state board for charter schools may:

4           1. Contract.

5           2. Sue and be sued.

6           3. Use the services of the auditor general.

7           G. THE STATE BOARD FOR CHARTER SCHOOLS MAY ACCEPT GIFTS OR GRANTS OF  
8 MONIES OR REAL OR PERSONAL PROPERTY FROM PUBLIC AND PRIVATE ORGANIZATIONS, IF  
9 THE PURPOSE OF THE GIFT OR GRANT SPECIFIED BY THE DONOR IS APPROVED BY THE  
10 BOARD AND IS WITHIN THE SCOPE OF THE BOARD'S POWERS AND DUTIES. THE BOARD  
11 SHALL ESTABLISH AND ADMINISTER A GIFT AND GRANT FUND FOR THE DEPOSIT OF  
12 MONIES RECEIVED PURSUANT TO THIS SUBSECTION.

13           Sec. 5. Section 15-183, Arizona Revised Statutes, is amended to read:

14           15-183. Charter schools; application; requirements; immunity;  
15           exemptions; renewal of application; reprisal; fee;  
16           fund

17           A. An applicant seeking to establish a charter school shall submit a  
18 written application to a proposed sponsor as prescribed in subsection C of  
19 this section. The application shall include a detailed business plan for the  
20 charter school and may include a mission statement for the charter school, a  
21 description of the charter school's organizational structure and the  
22 governing body, a financial plan for the first three years of operation of  
23 the charter school, a description of the charter school's hiring policy, the  
24 name of the charter school's applicant or applicants and requested sponsor, a  
25 description of the charter school's facility and the location of the school,  
26 a description of the grades being served and an outline of criteria designed  
27 to measure the effectiveness of the school.

28           B. The sponsor of a charter school may contract with a public body,  
29 private person or private organization for the purpose of establishing a  
30 charter school pursuant to this article.

31           C. The sponsor of a charter school may be either a school district  
32 governing board, the state board of education, the state board for charter  
33 schools, a university under the jurisdiction of the Arizona board of regents,  
34 a community college district with enrollment of more than fifteen thousand  
35 full-time equivalent students or a group of community college districts with  
36 a combined enrollment of more than fifteen thousand full-time equivalent  
37 students, subject to the following requirements:

38           1. For charter schools that submit an application for sponsorship to a  
39 school district governing board:

40           (a) An applicant for a charter school may submit its application to a  
41 school district governing board, which shall either accept or reject  
42 sponsorship of the charter school within ninety days. An applicant may  
43 submit a revised application for reconsideration by the governing board. If  
44 the governing board rejects the application, the governing board shall notify  
45 the applicant in writing of the reasons for the rejection. The applicant may

1 request, and the governing board may provide, technical assistance to improve  
2 the application.

3 (b) In the first year that a school district is determined to be out  
4 of compliance with the uniform system of financial records, within fifteen  
5 days of the determination of noncompliance, the school district shall notify  
6 by certified mail each charter school sponsored by the school district that  
7 the school district is out of compliance with the uniform system of financial  
8 records. The notification shall include a statement that if the school  
9 district is determined to be out of compliance for a second consecutive year,  
10 the charter school will be required to transfer sponsorship to another entity  
11 pursuant to subdivision (c) of this paragraph.

12 (c) In the second consecutive year that a school district is  
13 determined to be out of compliance with the uniform system of financial  
14 records, within fifteen days of the determination of noncompliance, the  
15 school district shall notify by certified mail each charter school sponsored  
16 by the school district that the school district is out of compliance with the  
17 uniform system of financial records. A charter school that receives a  
18 notification of school district noncompliance pursuant to this subdivision  
19 shall file a written sponsorship transfer application within forty-five days  
20 with the state board of education, the state board for charter schools or the  
21 school district governing board if the charter school is located within the  
22 geographic boundaries of that school district. A charter school that  
23 receives a notification of school district noncompliance may request an  
24 extension of time to file a sponsorship transfer application, and the state  
25 board of education, the state board for charter schools or a school district  
26 governing board may grant an extension of not more than an additional thirty  
27 days if good cause exists for the extension. The state board of education  
28 and the state board for charter schools shall approve a sponsorship transfer  
29 application pursuant to this paragraph.

30 (d) A school district governing board shall not grant a charter to a  
31 charter school that is located outside the geographic boundaries of that  
32 school district.

33 (e) A school district that has been determined to be out of compliance  
34 with the uniform system of financial records during either of the previous  
35 two fiscal years shall not sponsor a new or transferring charter school.

36 2. The applicant may submit the application to the state board of  
37 education or the state board for charter schools. The state board of  
38 education or the state board for charter schools may approve the application  
39 if the application meets the requirements of this article and may approve the  
40 charter if the proposed sponsor determines, within its sole discretion, that  
41 the applicant is sufficiently qualified to operate a charter school and that  
42 the applicant is applying to operate as a separate charter holder by  
43 considering factors such as whether:

44 (a) The schools have separate governing bodies, governing body  
45 membership, staff, facilities, and student population.

1 (b) Daily operations are carried out by different administrators.

2 (c) The applicant intends to have an affiliation agreement for the  
3 purpose of providing enrollment preferences.

4 (d) The applicant's charter management organization has multiple  
5 charter holders serving varied grade configurations on one physical site or  
6 nearby sites serving one community.

7 (e) It is reconstituting an existing school site population at the  
8 same or new site.

9 (f) It is reconstituting an existing grade configuration from a prior  
10 charter holder with at least one grade remaining on the original site with  
11 the other grade or grades moving to a new site.

12 The state board of education or the state board for charter schools may  
13 approve any charter schools transferring charters. The state board of  
14 education and the state board for charter schools shall approve any charter  
15 schools transferring charters from a school district that is determined to be  
16 out of compliance with the uniform system of financial records pursuant to  
17 this section, but may require the charter school to sign a new charter that  
18 is equivalent to the charter awarded by the former sponsor. If the state  
19 board of education or the state board for charter schools rejects the  
20 preliminary application, the state board of education or the state board for  
21 charter schools shall notify the applicant in writing of the reasons for the  
22 rejection and of suggestions for improving the application. An applicant may  
23 submit a revised application for reconsideration by the state board of  
24 education or the state board for charter schools. The applicant may request,  
25 and the state board of education or the state board for charter schools may  
26 provide, technical assistance to improve the application.

27 3. The applicant may submit the application to a university under the  
28 jurisdiction of the Arizona board of regents, a community college district or  
29 a group of community college districts. A university, a community college  
30 district or a group of community college districts may approve the  
31 application if it meets the requirements of this article and if the proposed  
32 sponsor determines, in its sole discretion, that the applicant is  
33 sufficiently qualified to operate a charter school.

34 4. Each applicant seeking to establish a charter school shall submit a  
35 full set of fingerprints to the approving agency for the purpose of obtaining  
36 a state and federal criminal records check pursuant to section 41-1750 and  
37 Public Law 92-544. If an applicant will have direct contact with students,  
38 the applicant shall possess a valid fingerprint clearance card that is issued  
39 pursuant to title 41, chapter 12, article 3.1. The department of public  
40 safety may exchange this fingerprint data with the federal bureau of  
41 investigation. The criminal records check shall be completed before the  
42 issuance of a charter.

43 5. All persons engaged in instructional work directly as a classroom,  
44 laboratory or other teacher or indirectly as a supervisory teacher, speech  
45 therapist or principal shall have a valid fingerprint clearance card that is

1 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a  
2 volunteer or guest speaker who is accompanied in the classroom by a person  
3 with a valid fingerprint clearance card. A charter school shall not employ a  
4 teacher whose certificate has been revoked for a violation of section 15-507  
5 or 15-550 or for any offense that placed a pupil in danger. All other  
6 personnel shall be fingerprint checked pursuant to section 15-512. Before  
7 employment, the charter school shall make documented, good faith efforts to  
8 contact previous employers of a person to obtain information and  
9 recommendations that may be relevant to a person's fitness for employment as  
10 prescribed in section 15-512, subsection F. The charter school shall notify  
11 the department of public safety if the charter school or sponsor receives  
12 credible evidence that a person who possesses a valid fingerprint clearance  
13 card is arrested for or is charged with an offense listed in section  
14 41-1758.03, subsection B. Charter schools may hire personnel that have not  
15 yet received a fingerprint clearance card if proof is provided of the  
16 submission of an application to the department of public safety for a  
17 fingerprint clearance card and if the charter school that is seeking to hire  
18 the applicant does all of the following:

19 (a) Documents in the applicant's file the necessity for hiring and  
20 placement of the applicant before receiving a fingerprint clearance card.

21 (b) Ensures that the department of public safety completes a statewide  
22 criminal records check on the applicant. A statewide criminal records check  
23 shall be completed by the department of public safety every one hundred  
24 twenty days until the date that the fingerprint check is completed.

25 (c) Obtains references from the applicant's current employer and the  
26 two most recent previous employers except for applicants who have been  
27 employed for at least five years by the applicant's most recent employer.

28 (d) Provides general supervision of the applicant until the date that  
29 the fingerprint card is obtained.

30 (e) Completes a search of criminal records in all local jurisdictions  
31 outside of this state in which the applicant has lived in the previous five  
32 years.

33 (f) Verifies the fingerprint status of the applicant with the  
34 department of public safety.

35 6. A charter school that complies with the fingerprinting requirements  
36 of this section shall be deemed to have complied with section 15-512 and is  
37 entitled to the same rights and protections provided to school districts by  
38 section 15-512.

39 7. If a charter school operator is not already subject to a public  
40 meeting or hearing by the municipality in which the charter school is  
41 located, the operator of a charter school shall conduct a public meeting at  
42 least thirty days before the charter school operator opens a site or sites  
43 for the charter school. The charter school operator shall post notices of  
44 the public meeting in at least three different locations that are within  
45 three hundred feet of the proposed charter school site.

1           8. A person who is employed by a charter school or who is an applicant  
2 for employment with a charter school, who is arrested for or charged with a  
3 nonappealable offense listed in section 41-1758.03, subsection B and who does  
4 not immediately report the arrest or charge to the person's supervisor or  
5 potential employer is guilty of unprofessional conduct and the person shall  
6 be immediately dismissed from employment with the charter school or  
7 immediately excluded from potential employment with the charter school.

8           9. A person who is employed by a charter school and who is convicted  
9 of any nonappealable offense listed in section 41-1758.03, subsection B or is  
10 convicted of any nonappealable offense that amounts to unprofessional conduct  
11 under section 15-550 shall immediately do all of the following:

12           (a) Surrender any certificates issued by the department of education.

13           (b) Notify the person's employer or potential employer of the  
14 conviction.

15           (c) Notify the department of public safety of the conviction.

16           (d) Surrender the person's fingerprint clearance card.

17           D. An entity that is authorized to sponsor charter schools pursuant to  
18 this article has no legal authority over or responsibility for a charter  
19 school sponsored by a different entity. This subsection does not apply to  
20 the state board of education's duty to exercise general supervision over the  
21 public school system pursuant to section 15-203, subsection A, paragraph 1.

22           E. The charter of a charter school shall ensure the following:

23           1. Compliance with federal, state and local rules, regulations and  
24 statutes relating to health, safety, civil rights and insurance. The  
25 department of education shall publish a list of relevant rules, regulations  
26 and statutes to notify charter schools of their responsibilities under this  
27 paragraph.

28           2. That it is nonsectarian in its programs, admission policies and  
29 employment practices and all other operations.

30           3. That it provides a comprehensive program of instruction for at  
31 least a kindergarten program or any grade between grades one and twelve,  
32 except that a school may offer this curriculum with an emphasis on a specific  
33 learning philosophy or style or certain subject areas such as mathematics,  
34 science, fine arts, performance arts or foreign language.

35           4. That it designs a method to measure pupil progress toward the pupil  
36 outcomes adopted by the state board of education pursuant to section  
37 15-741.01, including participation in the Arizona instrument to measure  
38 standards test and the nationally standardized norm-referenced achievement  
39 test as designated by the state board and the completion and distribution of  
40 an annual report card as prescribed in chapter 7, article 3 of this title.

41           5. That, except as provided in this article and in its charter, it is  
42 exempt from all statutes and rules relating to schools, governing boards and  
43 school districts.

44           6. That, except as provided in this article, it is subject to the same  
45 financial and electronic data submission requirements as a school district,

1 including the uniform system of financial records as prescribed in chapter 2,  
2 article 4 of this title, procurement rules as prescribed in section 15-213  
3 and audit requirements. The auditor general shall conduct a comprehensive  
4 review and revision of the uniform system of financial records to ensure that  
5 the provisions of the uniform system of financial records that relate to  
6 charter schools are in accordance with commonly accepted accounting  
7 principles used by private business. A school's charter may include  
8 exceptions to the requirements of this paragraph that are necessary as  
9 determined by the district governing board, the state board of education or  
10 the state board for charter schools. The department of education or the  
11 office of the auditor general may conduct financial, program or compliance  
12 audits.

13 7. Compliance with all federal and state laws relating to the  
14 education of children with disabilities in the same manner as a school  
15 district.

16 8. That it provides for a governing body for the charter school that  
17 is responsible for the policy decisions of the charter school.  
18 Notwithstanding section 1-216, if there is a vacancy or vacancies on the  
19 governing body, a majority of the remaining members of the governing body  
20 constitute a quorum for the transaction of business, unless that quorum is  
21 prohibited by the charter school's operating agreement.

22 9. That it provides a minimum of one hundred seventy-five  
23 instructional days before June 30 of each fiscal year unless it is operating  
24 on an alternative calendar approved by its sponsor. The superintendent of  
25 public instruction shall adjust the apportionment schedule accordingly to  
26 accommodate a charter school utilizing an alternative calendar.

27 F. The charter of a charter school shall include a description of the  
28 charter school's personnel policies, personnel qualifications and method of  
29 school governance and the specific role and duties of the sponsor of the  
30 charter school. A charter school shall keep on file the resumes of all  
31 current and former employees who provide instruction to pupils at the charter  
32 school. Resumes shall include an individual's educational and teaching  
33 background and experience in a particular academic content subject area. A  
34 charter school shall inform parents and guardians of the availability of the  
35 resume information and shall make the resume information available for  
36 inspection on request of parents and guardians of pupils enrolled at the  
37 charter school. Nothing in this subsection shall be construed to require any  
38 charter school to release personally identifiable information in relation to  
39 any teacher or employee, including the teacher's or employee's address,  
40 salary, social security number or telephone number.

41 G. The charter of a charter school may be amended at the request of  
42 the governing body of the charter school and on the approval of the sponsor.

43 H. Charter schools may contract, sue and be sued.

1 I. An approved plan to establish a charter school is effective for  
2 fifteen years from the first day of the fiscal year the charter school is in  
3 operation, subject to the following:

4 1. At least eighteen months before the expiration of the approved  
5 plan, the sponsor shall notify the charter school that the charter school may  
6 apply for renewal. A charter school that elects to apply for renewal shall  
7 file an application for renewal at least fifteen months before the expiration  
8 of the approved plan. In addition to any other requirements, the application  
9 for renewal shall include a detailed business plan for the charter school, a  
10 review of fiscal audits and academic performance data for the charter school  
11 that are annually collected by the sponsor and a review of the current  
12 contract between the sponsor and the charter school. The sponsor may deny  
13 the request for renewal if, in its judgment, the charter school has failed to  
14 complete the obligations of the contract or has failed to comply with this  
15 article. A sponsor shall give written notice of its intent not to renew the  
16 charter school's request for renewal to the charter school at least twelve  
17 months before the expiration of the approved plan to allow the charter school  
18 an opportunity to apply to another sponsor to transfer the operation of the  
19 charter school. If the operation of the charter school is transferred to  
20 another sponsor, the fifteen year period of the current charter shall be  
21 maintained.

22 2. A charter operator may apply for early renewal. At least nine  
23 months before the charter school's intended renewal consideration, the  
24 operator of the charter school shall submit a letter of intent to the sponsor  
25 to apply for early renewal. The sponsor shall review fiscal audits and  
26 academic performance data for the charter school that are annually collected  
27 by the sponsor, review the current contract between the sponsor and the  
28 charter school and provide the qualifying charter school with a renewal  
29 application. On submission of a complete application, the sponsor shall give  
30 written notice of its consideration of the renewal application.

31 3. A sponsor shall review a charter at five year intervals and may  
32 revoke a charter at any time if the charter school breaches one or more  
33 provisions of its charter. At least ninety days before the effective date of  
34 the proposed revocation the sponsor shall give written notice to the operator  
35 of the charter school of its intent to revoke the charter. Notice of the  
36 sponsor's intent to revoke the charter shall be delivered personally to the  
37 operator of the charter school or sent by certified mail, return receipt  
38 requested, to the address of the charter school. The notice shall  
39 incorporate a statement of reasons for the proposed revocation of the  
40 charter. The sponsor shall allow the charter school at least ninety days to  
41 correct the problems associated with the reasons for the proposed revocation  
42 of the charter. The final determination of whether to revoke the charter  
43 shall be made at a public hearing called for such purpose.

1 J. The charter may be renewed for successive periods of twenty years  
2 if the sponsor deems that the school is in compliance with its own charter  
3 and this article.

4 K. A charter school that is sponsored by the state board of education,  
5 the state board for charter schools, a university, a community college  
6 district or a group of community college districts may not be located on the  
7 property of a school district unless the district governing board grants this  
8 authority.

9 L. A governing board or a school district employee who has control  
10 over personnel actions shall not take unlawful reprisal against another  
11 employee of the school district because the employee is directly or  
12 indirectly involved in an application to establish a charter school. A  
13 governing board or a school district employee shall not take unlawful  
14 reprisal against an educational program of the school or the school district  
15 because an application to establish a charter school proposes the conversion  
16 of all or a portion of the educational program to a charter school. For the  
17 purposes of this subsection, "unlawful reprisal" means an action that is  
18 taken by a governing board or a school district employee as a direct result  
19 of a lawful application to establish a charter school and that is adverse to  
20 another employee or an education program and:

21 1. With respect to a school district employee, results in one or more  
22 of the following:

- 23 (a) Disciplinary or corrective action.
- 24 (b) Detail, transfer or reassignment.
- 25 (c) Suspension, demotion or dismissal.
- 26 (d) An unfavorable performance evaluation.
- 27 (e) A reduction in pay, benefits or awards.
- 28 (f) Elimination of the employee's position without a reduction in  
29 force by reason of lack of monies or work.
- 30 (g) Other significant changes in duties or responsibilities that are  
31 inconsistent with the employee's salary or employment classification.

32 2. With respect to an educational program, results in one or more of  
33 the following:

- 34 (a) Suspension or termination of the program.
- 35 (b) Transfer or reassignment of the program to a less favorable  
36 department.
- 37 (c) Relocation of the program to a less favorable site within the  
38 school or school district.
- 39 (d) Significant reduction or termination of funding for the program.

40 M. Charter schools shall secure insurance for liability and property  
41 loss. The governing body of a charter school that is sponsored by the state  
42 board of education or the state board for charter schools may enter into an  
43 intergovernmental agreement or otherwise contract to participate in an  
44 insurance program offered by a risk retention pool established pursuant to  
45 section 11-952.01 or 41-621.01 or the charter school may secure its own

1 insurance coverage. The pool may charge the requesting charter school  
2 reasonable fees for any services it performs in connection with the insurance  
3 program.

4 N. Charter schools do not have the authority to acquire property by  
5 eminent domain.

6 O. A sponsor, including members, officers and employees of the  
7 sponsor, is immune from personal liability for all acts done and actions  
8 taken in good faith within the scope of its authority.

9 P. Charter school sponsors and this state are not liable for the debts  
10 or financial obligations of a charter school or persons who operate charter  
11 schools.

12 Q. The sponsor of a charter school shall establish procedures to  
13 conduct administrative hearings on determination by the sponsor that grounds  
14 exist to revoke a charter. Procedures for administrative hearings shall be  
15 similar to procedures prescribed for adjudicative proceedings in title 41,  
16 chapter 6, article 10. Except as provided in section 41-1092.08, subsection  
17 H, final decisions of the state board of education and the state board for  
18 charter schools from hearings conducted pursuant to this subsection are  
19 subject to judicial review pursuant to title 12, chapter 7, article 6.

20 R. The sponsoring entity of a charter school shall have oversight and  
21 administrative responsibility for the charter schools that it sponsors.

22 S. Charter schools may pledge, assign or encumber their assets to be  
23 used as collateral for loans or extensions of credit.

24 T. All property accumulated by a charter school shall remain the  
25 property of the charter school.

26 U. Charter schools may not locate a school on property that is less  
27 than one-fourth mile from agricultural land regulated pursuant to section  
28 3-365, except that the owner of the agricultural land may agree to comply  
29 with the buffer zone requirements of section 3-365. If the owner agrees in  
30 writing to comply with the buffer zone requirements and records the agreement  
31 in the office of the county recorder as a restrictive covenant running with  
32 the title to the land, the charter school may locate a school within the  
33 affected buffer zone. The agreement may include any stipulations regarding  
34 the charter school, including conditions for future expansion of the school  
35 and changes in the operational status of the school that will result in a  
36 breach of the agreement.

37 V. A transfer of a charter to another sponsor, a transfer of a charter  
38 school site to another sponsor or a transfer of a charter school site to a  
39 different charter shall be completed before the beginning of the fiscal year  
40 that the transfer is scheduled to become effective. An entity that sponsors  
41 charter schools may accept a transferring school after the beginning of the  
42 fiscal year if the transfer is approved by the superintendent of public  
43 instruction. The superintendent of public instruction shall have the  
44 discretion to consider each transfer during the fiscal year on a case by case  
45 basis. If a charter school is sponsored by a school district that is

1 determined to be out of compliance with this title, the uniform system of  
2 financial records or any other state or federal law, the charter school may  
3 transfer to another sponsoring entity at any time during the fiscal year.

4 W. Notwithstanding subsection X of this section, the state board for  
5 charter schools shall charge a processing fee to any charter school that  
6 amends ~~their~~ ITS contract to participate in ~~the~~ Arizona online instruction  
7 ~~program~~ pursuant to section 15-808. The charter Arizona online instruction  
8 processing fund is established consisting of fees collected and administered  
9 by the state board for charter schools. The state board for charter schools  
10 shall use monies in the fund only for the processing of contract amendments  
11 for charter schools participating in Arizona online instruction ~~programs~~.  
12 Monies in the fund are continuously appropriated.

13 X. The sponsoring entity may not charge any fees to a charter school  
14 that it sponsors unless the sponsor has provided services to the charter  
15 school and the fees represent the full value of those services provided by  
16 the sponsor. On request, the value of the services provided by the sponsor  
17 to the charter school shall be demonstrated to the department of education.

18 Y. Charter schools may enter into an intergovernmental agreement with  
19 a presiding judge of the juvenile court to implement a law related education  
20 program as defined in section 15-154. The presiding judge of the juvenile  
21 court may assign juvenile probation officers to participate in a law related  
22 education program in any charter school in the county. The cost of juvenile  
23 probation officers who participate in the program implemented pursuant to  
24 this subsection shall be funded by the charter school.

25 Z. The sponsor of a charter school shall modify previously approved  
26 curriculum requirements for a charter school that wishes to participate in  
27 the board examination system prescribed in chapter 7, article 6 of this  
28 title.

29 AA. If a charter school decides not to participate in the board  
30 examination system prescribed in chapter 7, article 6 of this title, pupils  
31 enrolled at that charter school may earn a Grand Canyon diploma by obtaining  
32 a passing score on the same board examinations.

33 BB. A CHARTER SCHOOL SHALL CONTRACT WITH A DIFFERENT AUDITOR AT LEAST  
34 ONCE EVERY SIX YEARS TO CONDUCT THE ANNUAL AUDITS REQUIRED BY THIS SECTION.

35 Sec. 6. Section 15-185, Arizona Revised Statutes, as amended by Laws  
36 2010, seventh special session, chapter 8, section 1 and Laws 2010, second  
37 regular session, chapter 17, section 2, chapter 306, section 1, chapter 332,  
38 section 4 and chapter 333, section 2, is amended to read:

39 15-185. Charter schools; financing; civil penalty;  
40 transportation; definitions

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

43 1. The charter school shall be included in the district's budget and  
44 financial assistance calculations pursuant to paragraph 3 of this subsection  
45 and chapter 9 of this title, except for chapter 9, article 4 of this title.

1 The charter of the charter school shall include a description of the methods  
2 of funding the charter school by the school district. The school district  
3 shall send a copy of the charter and application, including a description of  
4 how the school district plans to fund the school, to the state board of  
5 education before the start of the first fiscal year of operation of the  
6 charter school. The charter or application shall include an estimate of the  
7 student count for the charter school for its first fiscal year of operation.  
8 This estimate shall be computed pursuant to the requirements of paragraph 3  
9 of this subsection.

10 2. A school district is not financially responsible for any charter  
11 school that is sponsored by the state board of education, the state board for  
12 charter schools, a university under the jurisdiction of the Arizona board of  
13 regents, a community college district or a group of community college  
14 districts.

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

16 (a) Increase its student count as provided in subsection B, paragraph  
17 2 of this section during the first year of the charter school's operation to  
18 include those charter school pupils who were not previously enrolled in the  
19 school district. A charter school sponsored by a school district governing  
20 board is eligible for the assistance prescribed in subsection B, paragraph 4  
21 of this section. The soft capital allocation as provided in section 15-962  
22 for the school district sponsoring the charter school shall be increased by  
23 the amount of the additional assistance. The school district shall include  
24 the full amount of the additional assistance in the funding provided to the  
25 charter school.

26 (b) Compute separate weighted student counts pursuant to section  
27 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
28 school pupils in order to maintain eligibility for small school district  
29 support level weights authorized in section 15-943, paragraph 1 for its  
30 noncharter school pupils only. The portion of a district's student count  
31 that is attributable to charter school pupils is not eligible for small  
32 school district support level weights.

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

37 5. A school district that sponsors a charter school is not eligible to  
38 include the charter school pupils in its student count for the purpose of  
39 computing an increase in its capital outlay revenue limit as provided in  
40 section 15-961, subsection C, except that if the charter school was  
41 previously a school in the district, the district may include in its student  
42 count any charter school pupils who were enrolled in the school district in  
43 the prior year.

44 6. A school district that sponsors a charter school is not eligible to  
45 include the charter school pupils in its student count for the purpose of

1 computing the revenue control limit which is used to determine the maximum  
2 budget increase as provided in chapter 4, article 4 of this title unless the  
3 charter school is located within the boundaries of the school district.

4 7. If a school district converts one or more of its district public  
5 schools to a charter school and receives assistance as prescribed in  
6 subsection B, paragraph 4 of this section, and subsequently converts the  
7 charter school back to a district public school, the school district shall  
8 repay the state the total additional assistance received for the charter  
9 school for all years that the charter school was in operation. The repayment  
10 shall be in one lump sum and shall be reduced from the school district's  
11 current year equalization assistance. The school district's general budget  
12 limit shall be reduced by the same lump sum amount in the current year.

13 B. Financial provisions for a charter school that is sponsored by the  
14 state board of education, the state board for charter schools, a university,  
15 a community college district or a group of community college districts are as  
16 follows:

17 1. The charter school shall calculate a base support level as  
18 prescribed in section 15-943, except that section 15-941 does not apply to  
19 these charter schools.

20 2. Notwithstanding paragraph 1 of this subsection, the student count  
21 shall be determined initially using an estimated student count based on  
22 actual registration of pupils before the beginning of the school year. After  
23 the first one hundred days or two hundred days in session, as applicable, the  
24 charter school shall revise the student count to be equal to the actual  
25 average daily membership, as defined in section 15-901, ~~or the adjusted~~  
26 ~~average daily membership, as prescribed in section 15-902,~~ of the charter  
27 school. ~~A charter school that provides two hundred days of instruction may~~  
28 ~~use section 15-902.02 for the purposes of this section.~~ Before the one  
29 hundredth day or two hundredth day in session, as applicable, the state board  
30 of education, the state board for charter schools, the sponsoring university,  
31 the sponsoring community college district or the sponsoring group of  
32 community college districts may require a charter school to report  
33 periodically regarding pupil enrollment and attendance, and the department of  
34 education may revise its computation of equalization assistance based on the  
35 report. A charter school shall revise its student count, base support level  
36 and additional assistance before May 15. A charter school that overestimated  
37 its student count shall revise its budget before May 15. A charter school  
38 that underestimated its student count may revise its budget before May 15.

39 3. A charter school may utilize section 15-855 for the purposes of  
40 this section. The charter school and the department of education shall  
41 prescribe procedures for determining ~~average daily attendance and~~ average  
42 daily membership.

43 4. Equalization assistance for the charter school shall be determined  
44 by adding the amount of the base support level and additional assistance.  
45 The amount of the additional assistance is one thousand six hundred seven

1 dollars fifty cents per student count in kindergarten programs and grades one  
2 through eight and one thousand eight hundred seventy-three dollars fifty-two  
3 cents per student count in grades nine through twelve.

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

9 6. The charter school shall not charge tuition for pupils who reside  
10 in this state, levy taxes or issue bonds. A charter school may admit pupils  
11 who are not residents of this state and shall charge tuition for those pupils  
12 in the same manner prescribed in section 15-823.

13 7. Not later than noon on the day preceding each apportionment date  
14 established by paragraph 5 of this subsection, the superintendent of public  
15 instruction shall furnish to the state treasurer an abstract of the  
16 apportionment and shall certify the apportionment to the department of  
17 administration, which shall draw its warrant in favor of the charter schools  
18 for the amount apportioned.

19 C. If a pupil is enrolled in both a charter school and a public school  
20 that is not a charter school, the sum of the daily membership, which includes  
21 enrollment as prescribed in section 15-901, subsection A, paragraph ~~2~~ 1,  
22 subdivisions (a) and (b) and daily attendance as prescribed in section  
23 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in the school district  
24 and the charter school shall not exceed 1.0, except that if the pupil is  
25 enrolled in both a charter school and a joint technical education district  
26 and resides within the boundaries of a school district participating in the  
27 joint technical education district, the sum of the average daily membership  
28 for that pupil in the charter school and the joint technical education  
29 district shall not exceed 1.25. If a pupil is enrolled in both a charter  
30 school and a public school that is not a charter school, the department of  
31 education shall direct the average daily membership to the school with the  
32 most recent enrollment date. Upon validation of actual enrollment in both a  
33 charter school and a public school that is not a charter school and if the  
34 sum of the daily membership or daily attendance for that pupil is greater  
35 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between  
36 the public school and the charter school based on the percentage of total  
37 time that the pupil is enrolled or in attendance in the public school and the  
38 charter school, except that if the pupil is enrolled in both a charter school  
39 and a joint technical education district and resides within the boundaries of  
40 a school district participating in the joint technical education district,  
41 the sum of the average daily membership for that pupil in the charter school  
42 and the joint technical education district shall be reduced to 1.25 and shall  
43 be apportioned between the charter school and the joint technical education  
44 district based on the percentage of total time that the pupil is enrolled or  
45 in attendance in the charter school and the joint technical education

1 district. The uniform system of financial records shall include guidelines  
2 for the apportionment of the pupil enrollment and attendance as provided in  
3 this section.

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

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

17 2. For a charter school sponsored by the state board of education, the  
18 state board for charter schools, a university, a community college district  
19 or a group of community college districts, the total of the base support  
20 level and the additional assistance shall not be less than zero.

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

25 E. If a charter school was a district public school in the prior year  
26 and is now being operated for or by the same school district and sponsored by  
27 the state board of education, the state board for charter schools, a  
28 university, a community college district, a group of community college  
29 districts or a school district governing board, the reduction in subsection D  
30 of this section applies. The reduction to the base support level of the  
31 charter school or the sponsoring district of the charter school shall equal  
32 the sum of the base support level and the additional assistance received in  
33 the current year for those pupils who were enrolled in the traditional public  
34 school in the prior year and are now enrolled in the charter school in the  
35 current year.

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

39 G. At the request of a charter school, the county school  
40 superintendent of the county where the charter school is located may provide  
41 the same educational services to the charter school as prescribed in section  
42 15-308, subsection A. The county school superintendent may charge a fee to  
43 recover costs for providing educational services to charter schools.

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

18           I. In addition to the withholding of state aid payments pursuant to  
19 subsection H of this section, the sponsor of a charter school may impose a  
20 civil penalty of one thousand dollars per occurrence if a charter school  
21 fails to comply with the fingerprinting requirements prescribed in section  
22 15-183, subsection C or section 15-512. The sponsor of a charter school  
23 shall not impose a civil penalty if it is the first time that a charter  
24 school is out of compliance with the fingerprinting requirements and if the  
25 charter school provides proof within forty-eight hours of written  
26 notification that an application for the appropriate fingerprint check has  
27 been received by the department of public safety. The sponsor of the charter  
28 school shall obtain proof that the charter school has been notified, and the  
29 notification shall identify the date of the deadline and shall be signed by  
30 both parties. The sponsor of a charter school shall automatically impose a  
31 civil penalty of one thousand dollars per occurrence if the sponsor  
32 determines that the charter school subsequently violates the fingerprinting  
33 requirements. Civil penalties pursuant to this subsection shall be assessed  
34 by requesting the department of education to reduce the amount of state aid  
35 that the charter school would otherwise receive by an amount equal to the  
36 civil penalty. The amount of state aid withheld shall revert to the state  
37 general fund at the end of the fiscal year.

38           J. A charter school may receive and spend monies distributed by the  
39 department of education pursuant to section 42-5029, subsection E and section  
40 37-521, subsection B.

41           K. If a school district transports or contracts to transport pupils to  
42 the Arizona state schools for the deaf and the blind during any fiscal year,  
43 the school district may transport or contract with a charter school to  
44 transport sensory impaired pupils during that same fiscal year to a charter  
45 school if requested by the parent of the pupil and if the distance from the

1 pupil's place of actual residence within the school district to the charter  
2 school is less than the distance from the pupil's place of actual residence  
3 within the school district to the campus of the Arizona state schools for the  
4 deaf and the blind.

5 L. Notwithstanding any other law, a university under the jurisdiction  
6 of the Arizona board of regents, a community college district or a group of  
7 community college districts shall not include any student in the student  
8 count of the university, community college district or group of community  
9 college districts for state funding purposes if that student is enrolled in  
10 and attending a charter school sponsored by the university, community college  
11 district or group of community college districts.

12 M. The governing body of a charter school shall transmit a copy of its  
13 proposed budget or the summary of the proposed budget and a notice of the  
14 public hearing to the department of education for posting on the department  
15 of education's website no later than ten days before the hearing and meeting.  
16 If the charter school maintains a website, the charter school governing body  
17 shall post on its website a copy of its proposed budget or the summary of the  
18 proposed budget and a notice of the public hearing.

19 N. The governing body of a charter school may contract with the  
20 private organization that is approved by the state board of education  
21 pursuant to section 15-792.02 to provide approved board examination systems  
22 for the charter school.

23 O. IF PERMITTED BY FEDERAL LAW, A CHARTER SCHOOL MAY OPT OUT OF  
24 FEDERAL GRANT OPPORTUNITIES IF THE CHARTER HOLDER OR THE APPROPRIATE  
25 GOVERNING BODY OF THE CHARTER SCHOOL DETERMINES THAT THE FEDERAL REQUIREMENTS  
26 IMPOSE UNDULY BURDENSOME REPORTING REQUIREMENTS.

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

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

34 2. "Operated for or by the same school district" means the charter  
35 school is either governed by the same district governing board or operated by  
36 the district in the same manner as other traditional schools in the district  
37 or is operated by an independent party that has a contract with the school  
38 district. The auditor general and the department of education shall  
39 determine which charter schools meet the definition in this subsection.

40 Sec. 7. Repeal

41 Section 15-185, Arizona Revised Statutes, as amended by Laws 2010,  
42 chapter 318, section 1, is repealed.

1           Sec. 8. 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

1 superintendent in a school district, including school district preschool  
2 programs, or any other educational institution below the community college,  
3 college or university level, and prescribe rules for certification, including  
4 rules for certification of teachers who have teaching experience and who are  
5 trained in other states, which are not unnecessarily restrictive and are  
6 substantially similar to the rules prescribed for the certification of  
7 teachers trained in this state. The rules shall:

8 (a) Allow a variety of alternative teacher and administrator  
9 preparation programs, with variations in program sequence and design, to  
10 apply for program approval. The STATE board shall adopt rules pursuant to  
11 this subdivision designed to allow for a variety of formats and shall not  
12 require a prescribed answer or design from the program provider in order to  
13 obtain approval from the state board. The state board shall evaluate each  
14 program provider based on the program's ability to prepare teachers and  
15 administrators and to recruit teachers and administrators with a variety of  
16 experiences and talents. The STATE board shall permit universities under the  
17 jurisdiction of the ARIZONA board of regents, community colleges in this  
18 state, private postsecondary institutions licensed by this state, school  
19 districts, charter schools and professional organizations to apply for  
20 program approval and shall create application procedures and certification  
21 criteria that are less restrictive than those for traditional preparation  
22 programs. Alternative preparation program graduates shall:

23 (i) Hold a bachelor's degree from an accredited postsecondary  
24 education institution.

25 (ii) Demonstrate professional knowledge and subject knowledge  
26 proficiency pursuant to section 15-533.

27 (iii) Obtain a fingerprint clearance card pursuant to section 15-534.

28 (iv) Complete training in structured English immersion as prescribed  
29 by the STATE board.

30 (v) Complete training in research based systematic phonics instruction  
31 as prescribed in subdivision (b) of this paragraph.

32 (vi) Demonstrate the required proficiency in the constitutions of the  
33 United States and Arizona as prescribed in section 15-532.

34 (b) Require applicants for all certificates for common school  
35 instruction to complete a minimum of forty-five classroom hours or three  
36 college level credit hours, or the equivalent, of training in research based  
37 systematic phonics instruction from a public or private provider.

38 (c) Not require a teacher to obtain a master's degree or to take any  
39 additional graduate courses as a condition of certification or  
40 recertification.

41 (d) Allow a general equivalency diploma to be substituted for a high  
42 school diploma in the certification of emergency substitute teachers.

43 (e) Allow but shall not require the superintendent of a school  
44 district to obtain certification from the state board of education.

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

7           16. Adopt rules governing the methods for the administration of all  
8 proficiency examinations.

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

11           18. Include within its budget the cost of contracting for the purchase,  
12 distribution and scoring of the examinations as provided in paragraphs 16 and  
13 17 of this subsection.

14           19. Supervise and control the qualifications of professional  
15 nonteaching school personnel and prescribe standards relating to  
16 qualifications. The standards shall not require the business manager of a  
17 school district to obtain certification from the state board of education.

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

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

23           22. Adopt a rule to promote braille literacy pursuant to section  
24 15-214.

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

28           24. For purposes of federal law, serve as the state board for  
29 vocational and technological education and meet at least four times each year  
30 solely to execute the powers and duties of the state board for vocational and  
31 technological education.

32           25. Develop and maintain a handbook for use in the schools of this  
33 state that provides guidance for the teaching of moral, civic and ethical  
34 education. The handbook shall promote existing curriculum frameworks and  
35 shall encourage school districts to recognize moral, civic and ethical values  
36 within instructional and programmatic educational development programs for  
37 the general purpose of instilling character and ethical principles in pupils  
38 in kindergarten programs and grades one through twelve.

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

44                   We hold these truths to be self-evident, that all men are  
45                   created equal, that they are endowed by their creator with

1 certain unalienable rights, that among these are life, liberty  
2 and the pursuit of happiness. That to secure these rights,  
3 governments are instituted among men, deriving their just powers  
4 from the consent of the governed. . . .

5 27. Adopt rules that provide for teacher certification reciprocity.  
6 The rules shall provide for a one year reciprocal teaching certificate with  
7 minimum requirements, including valid teacher certification from a state with  
8 substantially similar criminal history or teacher fingerprinting requirements  
9 and proof of the submission of an application for a fingerprint clearance  
10 card pursuant to title 41, chapter 12, article 3.1. **FOR TEACHERS WHO PROVIDE**  
11 **ARIZONA ONLINE INSTRUCTION PURSUANT TO SECTION 15-808, THE RULES SHALL ALLOW**  
12 **AUTOMATIC CERTIFICATION RECIPROCITY WITH OTHER STATES THAT HAVE SIMILAR**  
13 **PROGRAMS.**

14 28. Adopt rules that provide for the presentation of an honorary high  
15 school diploma to a person who has never obtained a high school diploma and  
16 who meets both of the following requirements:

- 17 (a) Currently resides in this state.  
18 (b) Provides documented evidence from the Arizona department of  
19 veterans' services that the person enlisted in the armed forces of the United  
20 States and served in World War I, World War II, the Korean conflict or the  
21 Vietnam conflict.

22 29. Cooperate with the Arizona-Mexico commission in the governor's  
23 office and with researchers at universities in this state to collect data and  
24 conduct projects in the United States and Mexico on issues that are within  
25 the scope of the duties of the department of education and that relate to  
26 quality of life, trade and economic development in this state in a manner  
27 that will help the Arizona-Mexico commission to assess and enhance the  
28 economic competitiveness of this state and of the Arizona-Mexico region.

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

32 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven  
33 and twelve to volunteer for twenty hours of community service before  
34 graduation from high school. A school district that complies with the  
35 guidelines adopted pursuant to this paragraph is not liable for damages  
36 resulting from a pupil's participation in community service unless the school  
37 district is found to have demonstrated wanton or reckless disregard for the  
38 safety of the pupil and other participants in community service. For the  
39 purposes of this paragraph, "community service" may include service learning.  
40 The guidelines shall include the following:

- 41 (a) A list of the general categories in which community service may be  
42 performed.  
43 (b) A description of the methods by which community service will be  
44 monitored.  
45 (c) A consideration of risk assessment for community service projects.

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

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

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

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

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

27 (i) The transfer of student records.

28 (ii) Awarding credit for completed course work.

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

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

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

39 34. For each of the alternative textbook formats of human-voiced audio,  
40 large-print and braille, designate alternative media producers to adapt  
41 existing standard print textbooks or to provide specialized textbooks, or  
42 both, for pupils with disabilities in this state. Each alternative media  
43 producer shall be capable of producing alternative textbooks in all relevant  
44 subjects in at least one of the alternative textbook formats. The board  
45 shall post the designated list of alternative media producers on its website.

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

7           36. Adopt rules to prohibit a person who violates the notification  
8 requirements prescribed in section 15-183, subsection C, paragraph 8 or  
9 section 15-550, subsection C from certification pursuant to this title until  
10 the person is no longer charged or is acquitted of any offenses listed in  
11 section 41-1758.03, subsection B. The board shall also adopt rules to  
12 prohibit a person who violates the notification requirements, certification  
13 surrender requirements or fingerprint clearance card surrender requirements  
14 prescribed in section 15-183, subsection C, paragraph 9 or section 15-550,  
15 subsection D from certification pursuant to this title for at least ten years  
16 after the date of the violation.

17           37. Adopt rules for the alternative certification of teachers of  
18 nontraditional foreign languages that allow for the passing of a nationally  
19 accredited test to substitute for the education coursework required for  
20 certification.

21           38. On or before December 15, 2011, adopt and maintain a model  
22 framework for a teacher and principal evaluation instrument that includes  
23 quantitative data on student academic progress that accounts for between  
24 thirty-three per cent and fifty per cent of the evaluation outcomes and best  
25 practices for professional development and evaluator training. School  
26 districts and charter schools shall use an instrument that meets the data  
27 requirements established by the state board of education to annually evaluate  
28 individual teachers and principals beginning in school year 2012-2013.

29           B. The state board of education may:

30           1. Contract.

31           2. Sue and be sued.

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

34           4. Provide for an advisory committee to conduct hearings and  
35 screenings to determine whether grounds exist to impose disciplinary action  
36 against a certificated person, whether grounds exist to reinstate a revoked  
37 or surrendered certificate and whether grounds exist to approve or deny an  
38 initial application for certification or a request for renewal of a  
39 certificate. The board may delegate its responsibility to conduct hearings  
40 and screenings to its advisory committee. Hearings shall be conducted  
41 pursuant to title 41, chapter 6, article 6.

42           5. Proceed with the disposal of any complaint requesting disciplinary  
43 action or with any disciplinary action against a person holding a certificate  
44 as prescribed in subsection A, paragraph 14 of this section after the

1 suspension or expiration of the certificate or surrender of the certificate  
2 by the holder.

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

7 Sec. 9. Section 15-213, Arizona Revised Statutes, is amended to read:

8 15-213. Procurement practices of school districts and charter  
9 schools; definitions

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

12 1. The state board shall submit to the auditor general proposed rules  
13 consistent with the procurement practices prescribed in title 41, chapter 23,  
14 modifying the provisions for public notice of invitation for bids, requests  
15 for proposals and requests for qualifications to allow a governing board to  
16 give public notice of the invitation for bids, requests for proposals and  
17 requests for qualifications by publication in the official newspaper of the  
18 county as defined in section 11-255, modifying the provisions relating to  
19 disposal of materials to comply with section 15-342, paragraph 18, providing  
20 for governing board delegation of procurement authority and modifying as  
21 necessary other provisions that the state board determines are not  
22 appropriate for school districts. The rules shall include provisions  
23 specifying that school districts are not required to engage in competitive  
24 bidding in order to make the decision to participate in programs pursuant to  
25 section 15-382 and that a program authorized by section 15-382 is not  
26 required to engage in competitive bidding for the services necessary to  
27 administer the program or for purchase of insurance or reinsurance. The  
28 rules shall include provisions specifying that school districts are not  
29 required to engage in competitive bidding in order to place a pupil in a  
30 private school that provides special education services if such placement is  
31 prescribed in the pupil's individualized education program and the private  
32 school has been approved by the department of education division of special  
33 education pursuant to section 15-765, subsection D. This placement is not  
34 subject to rules adopted by the state board of education before November 24,  
35 2009 pursuant to this section. The rules for procurement of construction  
36 projects shall include provisions specifying that surety bonds furnished as  
37 bid security and performance and payment bonds shall be executed and  
38 furnished as required by title 34, chapter 2 or 6, as applicable. The rules  
39 shall specify the total cost of a procurement that is subject to invitations  
40 for bids, requests for proposals and requests for clarification, using the  
41 aggregate dollar amount limits for procurements prescribed in section  
42 41-2535.

43 2. The state board of education shall adopt rules for procurements  
44 involving construction not exceeding one hundred fifty thousand dollars,  
45 which shall be known as the simplified school construction procurement

1 program. At a minimum, the rules for a simplified construction procurement  
2 program shall require that:

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

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

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

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

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

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

18 (g) A provision, covenant, clause or understanding in, collateral to  
19 or affecting a construction contract that makes the contract subject to the  
20 laws of another state or that requires any litigation, arbitration or other  
21 dispute resolution proceeding arising from the contract to be conducted in  
22 another state is against this state's public policy and is void and  
23 unenforceable.

24 3. The state board of education shall adopt rules for the procurement  
25 of goods and information services by school districts and charter schools  
26 using electronic, online bidding. The rules adopted by the state board shall  
27 include the use of reverse auctions and shall be consistent with the  
28 procurement practices prescribed in title 41, chapter 23, article 13,  
29 modifying as necessary those provisions and the rules adopted pursuant to  
30 that article that the state board determines are not appropriate for school  
31 districts and charter schools. Until the rules are adopted, school districts  
32 and charter schools may procure goods and information services pursuant to  
33 title 41, chapter 23, article 13 using the rules adopted by the department of  
34 administration in implementing that article.

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

39 5. If the auditor general approves the proposed rules, the auditor  
40 general shall notify the state board in writing and the state board shall  
41 adopt such rules.

42 6. If the auditor general objects to the proposed rules, the auditor  
43 general shall notify the state board of the objections in writing and the  
44 state board, in adopting the rules, shall conform the proposed rules to meet  
45 the objections of the auditor general or revise the proposed rules to which

1 an objection has been made and submit the revisions to the auditor general  
2 for approval.

3 B. After the bids submitted in response to an invitation for bids are  
4 opened and the award is made or after the proposals or qualifications are  
5 submitted in response to a request for proposals or a request for  
6 qualifications and the award is made, the governing board shall make  
7 available for public inspection all information, all bids, proposals and  
8 qualifications submitted and all findings and other information considered in  
9 determining whose bid conforms to the invitation for bids and will be the  
10 most advantageous with respect to price, conformity to the specifications and  
11 other factors or whose proposal or qualifications are to be selected for the  
12 award. The invitation for bids, request for proposals or request for  
13 qualifications shall include a notice that all information and bids,  
14 proposals and qualifications submitted will be made available for public  
15 inspection. The rules adopted by the state board shall prohibit the use in  
16 connection with procurement of specifications in any way proprietary to one  
17 supplier unless the specification includes all of the following:

18 1. A statement of the reasons why no other specification is  
19 practicable.

20 2. A description of the essential characteristics of the specified  
21 product.

22 3. A statement specifically permitting an acceptable alternative  
23 product to be supplied.

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

27 D. A contract for the procurement of construction or construction  
28 services shall include a provision that provides for negotiations between the  
29 school district and the contractor for the recovery of damages related to  
30 expenses incurred by the contractor for a delay for which the school district  
31 is responsible, which is unreasonable under the circumstances and which was  
32 not within the contemplation of the parties to the contract. This subsection  
33 shall not be construed to void any provision in the contract that requires  
34 notice of delays, provides for arbitration or other procedure for settlement  
35 or provides for liquidated damages.

36 E. The auditor general may conduct discretionary reviews,  
37 investigations and audits of the financial and operational procurement  
38 activities of school districts, nonexempt charter schools and school  
39 purchasing cooperatives. The auditor general has final review and approval  
40 authority over all school district, nonexempt charter school and school  
41 purchasing cooperative audit contracts and any audit reports issued in  
42 accordance with this section.

43 F. In addition to the requirements of sections 15-914 and 15-914.01,  
44 school districts, nonexempt charter schools and school purchasing  
45 cooperatives, in connection with any audit conducted by a certified public

1 accountant, shall contract for a systematic review of purchasing practices  
2 using methodology consistent with sampling guidelines established by the  
3 auditor general. The auditor general shall consider cost when establishing  
4 guidelines pursuant to this subsection and to the extent possible shall  
5 attempt to minimize the cost of the review. The purpose of the review is to  
6 determine whether the school district, nonexempt charter school or school  
7 purchasing cooperative is in compliance with the procurement laws and  
8 applicable procurement rules of this state. A copy of the review shall be  
9 submitted on completion to the auditor general. The auditor general may  
10 conduct discretionary reviews of school districts, nonexempt charter schools  
11 and school purchasing cooperatives not required to contract for independent  
12 audits.

13 G. The attorney general or county attorney has jurisdiction to enforce  
14 this section. The attorney general or county attorney may seek relief for  
15 any violation of this section through an appropriate civil or criminal action  
16 in superior court, including an action to enjoin a threatened or pending  
17 violation of this section and including an action to enforce compliance with  
18 any request for documents made by the auditor general pursuant to this  
19 section.

20 H. The department of education shall enact policies and procedures for  
21 the acceptance and disposition of complaints from the public regarding school  
22 procurement practices and shall forward all school procurement complaints to  
23 the attorney general. Notwithstanding rules adopted by the state board,  
24 school districts shall not be required to prepare or submit an annual report  
25 on the benefits associated with the use of construction-manager-at-risk,  
26 design-build, qualified select bidders list and job-order-contracting  
27 methods.

28 I. The state board of education shall adopt, and the auditor general  
29 shall review, rules authorizing school districts to procure construction  
30 services by construction-manager-at-risk, design-build, qualified select  
31 bidders list and job-order-contracting methods of project delivery. **THE**  
32 **RULES SHALL NOT REQUIRE SCHOOL DISTRICTS TO OBTAIN BID SECURITY FOR THE**  
33 **CONSTRUCTION-MANAGER-AT-RISK METHOD OF PROJECT DELIVERY.**

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

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

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

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

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

8           K. UNLESS OTHERWISE PROVIDED BY LAW, CONTRACTS FOR MATERIALS OR  
9 SERVICES AND CONTRACTS FOR JOB-ORDER-CONTRACTING CONSTRUCTION SERVICES MAY BE  
10 ENTERED INTO IF THE DURATION OF THE CONTRACT AND THE CONDITIONS OF RENEWAL OR  
11 EXTENSION, IF ANY, ARE INCLUDED IN THE INVITATION FOR BIDS OR THE REQUEST FOR  
12 PROPOSALS AND IF MONIES ARE AVAILABLE FOR THE FIRST FISCAL PERIOD AT THE TIME  
13 THE CONTRACT IS EXECUTED. THE DURATION OF CONTRACTS FOR MATERIALS OR  
14 SERVICES AND CONTRACTS FOR JOB-ORDER-CONTRACTING CONSTRUCTION SERVICES SHALL  
15 BE LIMITED TO NO MORE THAN FIVE YEARS UNLESS THE GOVERNING BOARD DETERMINES  
16 IN WRITING THAT A CONTRACT OF LONGER DURATION WOULD BE ADVANTAGEOUS TO THE  
17 SCHOOL DISTRICT. PAYMENT AND PERFORMANCE OBLIGATIONS FOR SUCCEEDING FISCAL  
18 PERIODS ARE SUBJECT TO THE AVAILABILITY AND APPROPRIATION OF MONIES.

19           ~~K.~~ L. For the purposes of this section:

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

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

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

28           Sec. 10. Section 15-304, Arizona Revised Statutes, is amended to read:

29           15-304. Warrants; limitations; definition

30           A. The county school superintendent, on the voucher of the governing  
31 board of a school district, shall draw the county school superintendent's  
32 warrant on the county treasurer for all necessary expenses against the school  
33 fund of the district. The warrants shall be drawn in the order in which the  
34 vouchers are filed in the county school superintendent's office. Unless  
35 notified by the department of education pursuant to section 15-107, a warrant  
36 shall not be drawn for an expenditure from the maintenance and operation,  
37 capital outlay, adjacent ways and federal and state grant funds for a purpose  
38 not included in the budget of the school district or for an expenditure in  
39 excess of the amount budgeted and not previously expended, except for  
40 expenditures authorized by the board of supervisors as provided in section  
41 15-907. The county school superintendent shall not draw a warrant for an  
42 expenditure from any school district fund except the maintenance and  
43 operation, capital outlay or adjacent ways fund or federal and state grant  
44 funds unless sufficient cash is available in the fund according to the  
45 records of the county school superintendent. The county school

1 superintendent may only draw a warrant for an expenditure from a federal or  
2 state grant fund when sufficient cash is not available in the grant fund if  
3 the county treasurer maintains the two accounts as provided in section  
4 15-996, paragraph 1 and if the county school superintendent determines that  
5 the expenditures are included in the budget section of the approved grant  
6 application. **WARRANTS MAY BE PROCESSED THROUGH AN ELECTRONIC PAYMENT SYSTEM.**

7 B. A county school superintendent, within two business days, shall  
8 provide written notice to the department of education, if, in the county  
9 school superintendent's judgment, a school district has committed an  
10 overexpenditure as defined in section 15-107.

11 C. The state board of education shall require a county school  
12 superintendent who fails to comply with the notification requirements of  
13 subsection B of this section to complete professional development training.  
14 The state board of education may also require the employees of a county  
15 school superintendent who are involved in school district finances and  
16 budgeting to complete professional development training. The professional  
17 development training shall be selected from a list approved by the state  
18 board of education, and the cost of the professional development training  
19 shall be paid by the county school superintendent. County school  
20 superintendents and employees of the county school superintendent who are  
21 involved in district finances and budgeting shall complete at least twelve  
22 hours of professional development training within one hundred twenty days  
23 after the decision of the state board of education to require professional  
24 development training of the county school superintendent and the employees of  
25 the county school superintendent who are involved in district finances and  
26 budgeting.

27 D. A county school superintendent who fails to complete the  
28 professional development training within the time prescribed in subsection C  
29 of this section is guilty of nonfeasance in office, and the state board of  
30 education shall forward a complaint to the attorney general. The attorney  
31 general may bring an action in superior court against a county school  
32 superintendent for failure to comply with the professional development  
33 training requirements prescribed in subsection C of this section. If a court  
34 determines that a county school superintendent failed to comply with the  
35 professional development training requirements prescribed in subsection C of  
36 this section, the court shall issue an order removing the county school  
37 superintendent from office.

38 E. A county school superintendent who fails to comply with the  
39 notification requirements of subsection B of this section more than once is  
40 guilty of unprofessional conduct. The attorney general may commence an  
41 action in superior court to enforce this subsection against any county school  
42 superintendent who violates the notification requirements of subsection B of  
43 this section more than once. If the court determines that a county school  
44 superintendent is guilty of unprofessional conduct, the court shall issue an  
45 order directing the removal of the county school superintendent from office.

1 F. Any vacancy in the office of county school superintendent shall be  
2 filled in the manner prescribed by section 11-251.

3 G. For the purposes of this section, "voucher" means a summary cover  
4 sheet and either copies of the invoices of the expenditure or a listing of  
5 the invoice detail.

6 Sec. 11. Section 15-341, Arizona Revised Statutes, is amended to read:  
7 15-341. General powers and duties; immunity; delegation

8 A. The governing board shall:

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

12 2. Exclude from schools all books, publications, papers or audiovisual  
13 materials of a sectarian, partisan or denominational character.

14 3. Manage and control the school property within its district.

15 4. Acquire school furniture, apparatus, equipment, library books and  
16 supplies for the use of the schools.

17 5. Prescribe the curricula and criteria for the promotion and  
18 graduation of pupils as provided in sections 15-701 and 15-701.01.

19 6. Furnish, repair and insure, at full insurable value, the school  
20 property of the district.

21 7. Construct school buildings on approval by a vote of the district  
22 electors.

23 8. Make in the name of the district conveyances of property belonging  
24 to the district and sold by the board.

25 9. Purchase school sites when authorized by a vote of the district at  
26 an election conducted as nearly as practicable in the same manner as the  
27 election provided in section 15-481 and held on a date prescribed in section  
28 15-491, subsection E, but such authorization shall not necessarily specify  
29 the site to be purchased and such authorization shall not be necessary to  
30 exchange unimproved property as provided in section 15-342, paragraph 23.

31 10. Construct, improve and furnish buildings used for school purposes  
32 when such buildings or premises are leased from the national park service.

33 11. Purchase school sites or construct, improve and furnish school  
34 buildings from the proceeds of the sale of school property only on approval  
35 by a vote of the district electors.

36 12. Hold pupils to strict account for disorderly conduct on school  
37 property.

38 13. Discipline students for disorderly conduct on the way to and from  
39 school.

40 14. Except as provided in section 15-1224, deposit all monies received  
41 by the district as gifts, grants and devises with the county treasurer who  
42 shall credit the deposits as designated in the uniform system of financial  
43 records. If not inconsistent with the terms of the gifts, grants and devises  
44 given, any balance remaining after expenditures for the intended purpose of  
45 the monies have been made shall be used for reduction of school district

1 taxes for the budget year, except that in the case of accommodation schools  
2 the county treasurer shall carry the balance forward for use by the county  
3 school superintendent for accommodation schools for the budget year.

4 15. Provide that, if a parent or legal guardian chooses not to accept a  
5 decision of the teacher as provided in section 15-521, paragraph 2, the  
6 parent or legal guardian may request in writing that the governing board  
7 review the teacher's decision. Nothing in this paragraph shall be construed  
8 to release school districts from any liability relating to a child's  
9 promotion or retention.

10 16. Provide for adequate supervision over pupils in instructional and  
11 noninstructional activities by certificated or noncertificated personnel.

12 17. Use school monies received from the state and county school  
13 apportionment exclusively for payment of salaries of teachers and other  
14 employees and contingent expenses of the district.

15 18. Make an annual report to the county school superintendent on or  
16 before October 1 in the manner and form and on the blanks prescribed by the  
17 superintendent of public instruction or county school superintendent. The  
18 board shall also make reports directly to the county school superintendent or  
19 the superintendent of public instruction whenever required.

20 19. Deposit all monies received by school districts other than student  
21 activities monies or monies from auxiliary operations as provided in sections  
22 15-1125 and 15-1126 with the county treasurer to the credit of the school  
23 district except as provided in paragraph 20 of this subsection and sections  
24 15-1223 and 15-1224, and the board shall expend the monies as provided by law  
25 for other school funds.

26 20. Establish bank accounts in which the board during a month may  
27 deposit miscellaneous monies received directly by the district. The board  
28 shall remit monies deposited in the bank accounts at least monthly to the  
29 county treasurer for deposit as provided in paragraph 19 of this subsection  
30 and in accordance with the uniform system of financial records.

31 21. Prescribe and enforce policies and procedures for disciplinary  
32 action against a teacher who engages in conduct that is a violation of the  
33 policies of the governing board but that is not cause for dismissal of the  
34 teacher or for revocation of the certificate of the teacher. Disciplinary  
35 action may include suspension without pay for a period of time not to exceed  
36 ten school days. Disciplinary action shall not include suspension with pay  
37 or suspension without pay for a period of time longer than ten school days.  
38 The procedures shall include notice, hearing and appeal provisions for  
39 violations that are cause for disciplinary action. The governing board may  
40 designate a person or persons to act on behalf of the board on these matters.

41 22. Prescribe and enforce policies and procedures for disciplinary  
42 action against an administrator who engages in conduct that is a violation of  
43 the policies of the governing board regarding duties of administrators but  
44 that is not cause for dismissal of the administrator or for revocation of the  
45 certificate of the administrator. Disciplinary action may include suspension

1 without pay for a period of time not to exceed ten school days. Disciplinary  
2 action shall not include suspension with pay or suspension without pay for a  
3 period of time longer than ten school days. The procedures shall include  
4 notice, hearing and appeal provisions for violations that are cause for  
5 disciplinary action. The governing board may designate a person or persons  
6 to act on behalf of the board on these matters. For violations that are  
7 cause for dismissal, the provisions of notice, hearing and appeal in chapter  
8 5, article 3 of this title shall apply. The filing of a timely request for a  
9 hearing suspends the imposition of a suspension without pay or a dismissal  
10 pending completion of the hearing.

11 23. Notwithstanding sections 13-3108 and 13-3120, prescribe and enforce  
12 policies and procedures that prohibit a person from carrying or possessing a  
13 weapon on school grounds unless the person is a peace officer or has obtained  
14 specific authorization from the school administrator.

15 24. Prescribe and enforce policies and procedures relating to the  
16 health and safety of all pupils participating in district sponsored practice  
17 sessions, ~~OR~~ OR games or other interscholastic athletic activities, including  
18 the provision of water.

19 25. Prescribe and enforce policies and procedures regarding the smoking  
20 of tobacco within school buildings. The policies and procedures shall be  
21 adopted in consultation with school district personnel and members of the  
22 community and shall state whether smoking is prohibited in school buildings.  
23 If smoking in school buildings is not prohibited, the policies and procedures  
24 shall clearly state the conditions and circumstances under which smoking is  
25 permitted, those areas in a school building that may be designated as smoking  
26 areas and those areas in a school building that may not be designated as  
27 smoking areas.

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

30 27. Provide special education programs and related services pursuant to  
31 section 15-764, subsection A to all children with disabilities as defined in  
32 section 15-761.

33 28. Administer competency tests prescribed by the state board of  
34 education for the graduation of pupils from high school.

35 29. Ensure that insurance coverage is secured for all construction  
36 projects for purposes of general liability, property damage and workers'  
37 compensation and secure performance and payment bonds for all construction  
38 projects.

39 30. Keep on file the resumes of all current and former employees who  
40 provide instruction to pupils at a school. Resumes shall include an  
41 individual's educational and teaching background and experience in a  
42 particular academic content subject area. A school district shall inform  
43 parents and guardians of the availability of the resume information and shall  
44 make the resume information available for inspection on request of parents  
45 and guardians of pupils enrolled at a school. Nothing in this paragraph

1 shall be construed to require any school to release personally identifiable  
2 information in relation to any teacher or employee, including the teacher's  
3 or employee's address, salary, social security number or telephone number.

4 31. Report to local law enforcement agencies any suspected crime  
5 against a person or property that is a serious offense as defined in section  
6 13-706 or that involves a deadly weapon or dangerous instrument or serious  
7 physical injury and any conduct that poses a threat of death or serious  
8 physical injury to employees, students or anyone on the property of the  
9 school. This paragraph does not limit or preclude the reporting by a school  
10 district or an employee of a school district of suspected crimes other than  
11 those required to be reported by this paragraph. For the purposes of this  
12 paragraph, "dangerous instrument", "deadly weapon" and "serious physical  
13 injury" have the same meanings prescribed in section 13-105.

14 32. In conjunction with local law enforcement agencies and local  
15 medical facilities, develop an emergency response plan for each school in the  
16 school district in accordance with minimum standards developed jointly by the  
17 department of education and the division of emergency management within the  
18 department of emergency and military affairs.

19 33. Provide written notice to the parents or guardians of all students  
20 affected in the school district at least ~~thirty~~ TEN days prior to a public  
21 meeting to discuss closing a school within the school district. The notice  
22 shall include the reasons for the proposed closure and the time and place of  
23 the meeting. The governing board shall fix a time for a public meeting on  
24 the proposed closure no less than ~~thirty~~ TEN days before voting in a public  
25 meeting to close the school. The school district governing board shall give  
26 notice of the time and place of the meeting. At the time and place  
27 designated in the notice, the school district governing board shall hear  
28 reasons for or against closing the school. The school district governing  
29 board is exempt from this paragraph if it is determined by the governing  
30 board that the school shall be closed because it poses a danger to the health  
31 or safety of the pupils or employees of the school. A GOVERNING BOARD MAY  
32 CONSULT WITH THE SCHOOL FACILITIES BOARD FOR TECHNICAL ASSISTANCE AND FOR  
33 INFORMATION ON THE IMPACT OF CLOSING A SCHOOL. THE INFORMATION PROVIDED FROM  
34 THE SCHOOL FACILITIES BOARD SHALL NOT REQUIRE THE GOVERNING BOARD TO TAKE OR  
35 NOT TAKE ANY ACTION.

36 34. Incorporate instruction on Native American history into appropriate  
37 existing curricula.

38 35. Prescribe and enforce policies and procedures allowing pupils who  
39 have been diagnosed with anaphylaxis by a health care provider licensed  
40 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse  
41 practitioner licensed and certified pursuant to title 32, chapter 15 to carry  
42 and self-administer emergency medications, including auto-injectable  
43 epinephrine, while at school and at school sponsored activities. The pupil's  
44 name on the prescription label on the medication container or on the  
45 medication device and annual written documentation from the pupil's parent or

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

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

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

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

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

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

33 (d) A formal process for the documentation of reported incidents of  
34 harassment, intimidation or bullying and for the confidentiality, maintenance  
35 and disposition of this documentation. If a school maintains documentation  
36 of reported incidents of harassment, intimidation or bullying, the school  
37 shall not use that documentation to impose disciplinary action unless the  
38 appropriate school official has investigated and determined that the reported  
39 incidents of harassment, intimidation or bullying occurred.

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

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

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

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

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

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

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

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

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

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

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

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

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

30           40. Ensure that the contract for the superintendent is structured in a  
31 manner ~~where at least~~ IN WHICH UP TO twenty per cent of the total annual  
32 ~~compensation and benefits~~ SALARY included for the superintendent in the  
33 contract is classified as performance pay. Nothing in this paragraph shall  
34 be construed to require school districts to increase total compensation for  
35 superintendents. Unless the school district governing board votes to  
36 implement an alternative procedure at a public meeting called for this  
37 purpose, the performance pay portion of the superintendent's total annual  
38 compensation shall be determined as follows:

39           (a) Twenty-five per cent of the performance pay shall be determined  
40 based on the percentage of academic gain determined by the department of  
41 education of pupils who are enrolled in the school district compared to the  
42 academic gain achieved by the highest ranking of the fifty largest school  
43 districts in this state. For the purposes of this subdivision, the  
44 department of education shall determine academic gain by the academic growth  
45 achieved by each pupil who has been enrolled at the same school in a school

1 district for at least five consecutive months measured against that pupil's  
2 academic results in the 2008-2009 school year. For the purposes of this  
3 subdivision, of the fifty largest school districts in this state, the school  
4 district with pupils who demonstrate the highest statewide percentage of  
5 overall academic gain measured against academic results for the 2008-2009  
6 school year shall be assigned a score of 100 and the school district with  
7 pupils who demonstrate the lowest statewide percentage of overall academic  
8 gain measured against academic results for the 2008-2009 school year shall be  
9 assigned a score of 0.

10 (b) Twenty-five per cent of the performance pay shall be determined by  
11 the percentage of parents of pupils who are enrolled at the school district  
12 who assign a letter grade of "A" to the school on a survey of parental  
13 satisfaction with the school district. The parental satisfaction survey  
14 shall be administered and scored by an independent entity that is selected by  
15 the governing board and that demonstrates sufficient expertise and experience  
16 to accurately measure the results of the survey. The parental satisfaction  
17 survey shall use standard random sampling procedures and provide anonymity  
18 and confidentiality to each parent who participates in the survey. The  
19 letter grade scale used on the parental satisfaction survey shall direct  
20 parents to assign one of the following letter grades:

- 21 (i) A letter grade of "A" if the school district is excellent.
- 22 (ii) A letter grade of "B" if the school district is above average.
- 23 (iii) A letter grade of "C" if the school district is average.
- 24 (iv) A letter grade of "D" if the school district is below average.
- 25 (v) A letter grade of "F" if the school district is a failure.

26 (c) Twenty-five per cent of the performance pay shall be determined by  
27 the percentage of teachers who are employed at the school district and who  
28 assign a letter grade of "A" to the school on a survey of teacher  
29 satisfaction with the school. The teacher satisfaction survey shall be  
30 administered and scored by an independent entity that is selected by the  
31 governing board and that demonstrates sufficient expertise and experience to  
32 accurately measure the results of the survey. The teacher satisfaction  
33 survey shall use standard random sampling procedures and provide anonymity  
34 and confidentiality to each teacher who participates in the survey. The  
35 letter grade scale used on the teacher satisfaction survey shall direct  
36 teachers to assign one of the following letter grades:

- 37 (i) A letter grade of "A" if the school district is excellent.
- 38 (ii) A letter grade of "B" if the school district is above average.
- 39 (iii) A letter grade of "C" if the school district is average.
- 40 (iv) A letter grade of "D" if the school district is below average.
- 41 (v) A letter grade of "F" if the school district is a failure.

42 (d) Twenty-five per cent of the performance pay shall be determined by  
43 other criteria selected by the governing board.

44 **41. MAINTAIN AND STORE PERMANENT PUBLIC RECORDS OF THE SCHOOL DISTRICT**  
45 **AS REQUIRED BY LAW. NOTWITHSTANDING SECTION 39-101, THE STANDARDS ADOPTED BY**

1 THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS FOR THE MAINTENANCE  
2 AND STORAGE OF SCHOOL DISTRICT PUBLIC RECORDS SHALL ALLOW SCHOOL DISTRICTS TO  
3 ELECT TO SATISFY THE REQUIREMENTS OF THIS PARAGRAPH BY MAINTAINING AND  
4 STORING THESE RECORDS EITHER ON PAPER OR IN AN ELECTRONIC FORMAT, OR A  
5 COMBINATION OF A PAPER AND ELECTRONIC FORMAT.

6 B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this  
7 section, the county school superintendent may construct, improve and furnish  
8 school buildings or purchase or sell school sites in the conduct of an  
9 accommodation school.

10 C. If any school district acquires real or personal property, whether  
11 by purchase, exchange, condemnation, gift or otherwise, the governing board  
12 shall pay to the county treasurer any taxes on the property that were unpaid  
13 as of the date of acquisition, including penalties and interest. The lien  
14 for unpaid delinquent taxes, penalties and interest on property acquired by a  
15 school district:

16 1. Is not abated, extinguished, discharged or merged in the title to  
17 the property.

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

19 D. The governing board may not locate a school on property that is  
20 less than one-fourth mile from agricultural land regulated pursuant to  
21 section 3-365, except that the owner of the agricultural land may agree to  
22 comply with the buffer zone requirements of section 3-365. If the owner  
23 agrees in writing to comply with the buffer zone requirements and records the  
24 agreement in the office of the county recorder as a restrictive covenant  
25 running with the title to the land, the school district may locate a school  
26 within the affected buffer zone. The agreement may include any stipulations  
27 regarding the school, including conditions for future expansion of the school  
28 and changes in the operational status of the school that will result in a  
29 breach of the agreement.

30 E. A school district, its governing board members, its school council  
31 members and its employees are immune from civil liability for the  
32 consequences of adoption and implementation of policies and procedures  
33 pursuant to subsection A of this section and section 15-342. This waiver  
34 does not apply if the school district, its governing board members, its  
35 school council members or its employees are guilty of gross negligence or  
36 intentional misconduct.

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

40 G. Notwithstanding any other provision of this title, a school  
41 district governing board shall not take any action that would result in a  
42 reduction of pupil square footage unless the governing board notifies the  
43 school facilities board established by section 15-2001 of the proposed action  
44 and receives written approval from the school facilities board to take the  
45 action. A reduction includes an increase in administrative space that

1 results in a reduction of pupil square footage or sale of school sites or  
2 buildings, or both. A reduction includes a reconfiguration of grades that  
3 results in a reduction of pupil square footage of any grade level. This  
4 subsection does not apply to temporary reconfiguration of grades to  
5 accommodate new school construction if the temporary reconfiguration does not  
6 exceed one year. The sale of equipment that results in a reduction that  
7 falls below the equipment requirements prescribed in section 15-2011,  
8 subsection B is subject to commensurate withholding of school district  
9 capital outlay revenue limit monies pursuant to the direction of the school  
10 facilities board. Except as provided in section 15-342, paragraph 10,  
11 proceeds from the sale of school sites, buildings or other equipment shall be  
12 deposited in the school plant fund as provided in section 15-1102.

13 H. Subsections C through G of this section apply to a county board of  
14 supervisors and a county school superintendent when operating and  
15 administering an accommodation school.

16 Sec. 12. Section 15-342, Arizona Revised Statutes, as amended by Laws  
17 2010, chapter 332, section 9, is amended to read:

18 15-342. Discretionary powers

19 The governing board may:

- 20 1. Expel pupils for misconduct.
- 21 2. Exclude from grades one through eight children under six years of  
22 age.
- 23 3. Make such separation of groups of pupils as it deems advisable.
- 24 4. Maintain such special schools during vacation as deemed necessary  
25 for the benefit of the pupils of the school district.
- 26 5. Permit a superintendent or principal or representatives of the  
27 superintendent or principal to travel for a school purpose, as determined by  
28 a majority vote of the board. The board may permit members and members-elect  
29 of the board to travel within or without the school district for a school  
30 purpose and receive reimbursement. Any expenditure for travel and  
31 subsistence pursuant to this paragraph shall be as provided in title 38,  
32 chapter 4, article 2. The designated post of duty referred to in section  
33 38-621 shall be construed, for school district governing board members, to be  
34 the member's actual place of residence, as opposed to the school district  
35 office or the school district boundaries. Such expenditures shall be a  
36 charge against the budgeted school district funds. The governing board of a  
37 school district shall prescribe procedures and amounts for reimbursement of  
38 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
39 maximum amounts established pursuant to section 38-624, subsection C.
- 40 6. Construct or provide in rural districts housing facilities for  
41 teachers and other school employees which the board determines are necessary  
42 for the operation of the school.
- 43 7. Sell or lease to the state, a county, a city, **ANOTHER SCHOOL**  
44 **DISTRICT** or a tribal government agency any school property required for a

1 public purpose, provided the sale or lease of the property will not affect  
2 the normal operations of a school within the school district.

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

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

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

16 (a) The market value of the school property is less than fifty  
17 thousand dollars or the property is procured through an energy performance  
18 contract, which among other items includes a renewable energy power service  
19 agreement, or a simplified energy performance contract pursuant to section  
20 15-213.01.

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

23 (c) The transaction involves the sale of improved or unimproved  
24 property pursuant to an agreement with the school facilities board in which  
25 the school district agrees to sell the improved or unimproved property and  
26 transfer the proceeds of the sale to the school facilities board in exchange  
27 for monies from the school facilities board for the acquisition of a more  
28 suitable school site. For a sale of property acquired by a school district  
29 prior to July 9, 1998, a school district shall transfer to the school  
30 facilities board that portion of the proceeds that equals the cost of the  
31 acquisition of a more suitable school site. If there are any remaining  
32 proceeds after the transfer of monies to the school facilities board, a  
33 school district shall only use those remaining proceeds for future land  
34 purchases approved by the school facilities board, or for capital  
35 improvements not funded by the school facilities board for any existing or  
36 future facility.

37 (d) The transaction involves the sale of improved or unimproved  
38 property pursuant to a formally adopted plan and the school district uses the  
39 proceeds of this sale to purchase other property that will be used for  
40 similar purposes as the property that was originally sold, provided that the  
41 sale proceeds of the improved or unimproved property are used within two  
42 years after the date of the original sale to purchase the replacement  
43 property. If the sale proceeds of the improved or unimproved property are  
44 not used within two years after the date of the original sale to purchase  
45 replacement property, the sale proceeds shall be used towards payment of any

1 outstanding bonded indebtedness. If any sale proceeds remain after paying  
2 for outstanding bonded indebtedness, or if the district has no outstanding  
3 bonded indebtedness, sale proceeds shall be used to reduce the district's  
4 primary tax levy. A school district shall not use this subdivision unless  
5 all of the following conditions exist:

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

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

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

12 11. Review the decision of a teacher to promote a pupil to a grade or  
13 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
14 course in high school. The pupil has the burden of proof to overturn the  
15 decision of a teacher to promote, retain, pass or fail the pupil. In order  
16 to sustain the burden of proof, the pupil shall demonstrate to the governing  
17 board that the pupil has mastered the academic standards adopted by the state  
18 board of education pursuant to sections 15-701 and 15-701.01. If the  
19 governing board overturns the decision of a teacher pursuant to this  
20 paragraph, the governing board shall adopt a written finding that the pupil  
21 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
22 article 3.1, the governing board shall review the decision of a teacher to  
23 promote a pupil to a grade or retain a pupil in a grade in a common school or  
24 to pass or fail a pupil in a course in high school in executive session  
25 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
26 disagrees that the review should be conducted in executive session and then  
27 the review shall be conducted in an open meeting. If the review is conducted  
28 in executive session, the board shall notify the teacher of the date, time  
29 and place of the review and shall allow the teacher to be present at the  
30 review. If the teacher is not present at the review, the board shall consult  
31 with the teacher before making its decision. Any request, including the  
32 written request as provided in section 15-341, the written evidence presented  
33 at the review and the written record of the review, including the decision of  
34 the governing board to accept or reject the teacher's decision, shall be  
35 retained by the governing board as part of its permanent records.

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

39 13. Enter into intergovernmental agreements and contracts with school  
40 districts or other governing bodies as provided in section 11-952.  
41 Intergovernmental agreements and contracts between school districts or  
42 between a school district and other governing bodies as provided in section  
43 11-952 are exempt from competitive bidding under the procurement rules  
44 adopted by the state board of education pursuant to section 15-213.

1           14. Include in the curricula which it prescribes for high schools in  
2 the school district career and technical education, vocational education and  
3 technology education programs and career and technical, vocational and  
4 technology program improvement services for the high schools, subject to  
5 approval by the state board of education. The governing board may contract  
6 for the provision of career and technical, vocational and technology  
7 education as provided in section 15-789.

8           15. Suspend a teacher or administrator from the teacher's or  
9 administrator's duties without pay for a period of time of not to exceed ten  
10 school days, if the board determines that suspension is warranted pursuant to  
11 section 15-341, subsection A, paragraphs 21 and 22.

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

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

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

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

21           18. Donate surplus or outdated learning materials, **EDUCATIONAL**  
22 **EQUIPMENT AND FURNISHINGS** to nonprofit community organizations where the  
23 governing board determines that the anticipated cost of selling the learning  
24 materials, **EDUCATIONAL EQUIPMENT OR FURNISHINGS** equals or exceeds the  
25 estimated market value of the materials.

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

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

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

41           22. Require students to wear uniforms.

42           23. Exchange unimproved property or improved property, including school  
43 sites, where the governing board determines that the improved property is  
44 unnecessary for the continued operation of the school district without  
45 requesting authorization by a vote of the school district electors if the

1 governing board determines that the exchange is necessary to protect the  
2 health, safety or welfare of pupils or when the governing board determines  
3 that the exchange is based on sound business principles for either:

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

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

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

27 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9,  
28 construct school buildings and purchase or lease school sites, without a vote  
29 of the school district electors, if the buildings and sites are totally  
30 funded from one or more of the following:

31 (a) Monies in the unrestricted capital outlay fund, except that the  
32 estimated cost shall not exceed two hundred fifty thousand dollars for a  
33 district that utilizes section 15-949.

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

36 (c) Monies specifically donated for the purpose of constructing school  
37 buildings.

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

41 26. Conduct a background investigation that includes a fingerprint  
42 check conducted pursuant to section 41-1750, subsection G for certificated  
43 personnel and personnel who are not paid employees of the school district, as  
44 a condition of employment. A school district may release the results of a  
45 background check to another school district for employment purposes. The

1 school district may charge the costs of fingerprint checks to its  
2 fingerprinted employee, except that the school district may not charge the  
3 costs of fingerprint checks for personnel who are not paid employees of the  
4 school district.

5 27. Unless otherwise prohibited by law, sell advertising as follows:

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

10 (b) Advertising approved by the governing board for the exterior of  
11 school buses may appear only on the sides of the bus in the following areas:

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

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

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

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

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

22 (c) The school district shall establish an advertisement fund that is  
23 composed of revenues from the sale of advertising. The monies in an  
24 advertisement fund are not subject to reversion.

25 28. Assess reasonable damage deposits to pupils in grades seven through  
26 twelve for the use of textbooks, musical instruments, band uniforms or other  
27 equipment required for academic courses. The governing board shall adopt  
28 policies on any damage deposits assessed pursuant to this paragraph at a  
29 public meeting called for this purpose after providing notice to all parents  
30 of pupils in grades seven through twelve in the school district. Principals  
31 of individual schools within the district may waive the damage deposit  
32 requirement for any textbook or other item if the payment of the damage  
33 deposit would create an economic hardship for the pupil. The school district  
34 shall return the full amount of the damage deposit for any textbook or other  
35 item if the pupil returns the textbook or other item in reasonably good  
36 condition within the time period prescribed by the governing board. For the  
37 purposes of this paragraph, "in reasonably good condition" means the textbook  
38 or other item is in the same or a similar condition as it was when the pupil  
39 received it, plus ordinary wear and tear.

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

44 30. Notwithstanding section 15-1143, expend surplus monies in the  
45 community school program fund for maintenance and operations or unrestricted

1 capital outlay, if sufficient monies are available in the fund after meeting  
2 the needs of programs established pursuant to section 15-1142.

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

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

10 (a) The policy may provide reasonable exceptions to the parental  
11 notification requirement.

12 (b) The policy shall set forth whether and under what circumstances a  
13 parent may be present when a law enforcement officer interviews the pupil,  
14 including reasonable exceptions to the circumstances under which a parent may  
15 be present when a law enforcement officer interviews the pupil, and shall  
16 specify a reasonable maximum time after a parent is notified that an  
17 interview of a pupil by a law enforcement officer may be delayed to allow the  
18 parent to be present.

19 33. Enter into voluntary partnerships with any party to finance with  
20 funds other than school district funds and cooperatively design school  
21 facilities that comply with the adequacy standards prescribed in section  
22 15-2011 and the square footage per pupil requirements pursuant to section  
23 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
24 location of any such school facility shall be submitted to the school  
25 facilities board for approval pursuant to section 15-2041, subsection 0. If  
26 the school facilities board approves the design plans and location of any  
27 such school facility, the party in partnership with the school district may  
28 cause to be constructed and the district may begin operating the school  
29 facility before monies are distributed from the school facilities board  
30 pursuant to section 15-2041. Monies distributed from the new school  
31 facilities fund to a school district in a partnership with another party to  
32 finance and design the school facility shall be paid to the school district  
33 pursuant to section 15-2041. The school district shall reimburse the party  
34 in partnership with the school district from the monies paid to the school  
35 district pursuant to section 15-2041, in accordance with the voluntary  
36 partnership agreement. Before the school facilities board distributes any  
37 monies pursuant to this subsection, the school district shall demonstrate to  
38 the school facilities board that the facilities to be funded pursuant to  
39 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
40 in section 15-2011. If the cost to construct the school facility exceeds the  
41 amount that the school district receives from the new school facilities fund,  
42 the partnership agreement between the school district and the other party  
43 shall specify that, except as otherwise provided by the other party, any such  
44 excess costs shall be the responsibility of the school district. The school  
45 district governing board shall adopt a resolution in a public meeting that an

1 analysis has been conducted on the prospective effects of the decision to  
2 operate a new school with existing monies from the school district's  
3 maintenance and operations budget and how this decision may affect other  
4 schools in the school district. If a school district acquires land by  
5 donation at an appropriate school site approved by the school facilities  
6 board and a school facility is financed and built on the land pursuant to  
7 this paragraph, the school facilities board shall distribute an amount equal  
8 to twenty per cent of the fair market value of the land that can be used for  
9 academic purposes. The school district shall place the monies in the  
10 unrestricted capital outlay fund and increase the unrestricted capital budget  
11 limit by the amount of the monies placed in the fund. Monies distributed  
12 under this paragraph shall be distributed from the new school facilities fund  
13 pursuant to section 15-2041. If a school district acquires land by donation  
14 at an appropriate school site approved by the school facilities board and a  
15 school facility is financed and built on the land pursuant to this paragraph,  
16 the school district shall not receive monies from the school facilities board  
17 for the donation of real property pursuant to section 15-2041, subsection F.  
18 It is unlawful for:

19 (a) A county, city or town to require as a condition of any land use  
20 approval that a landowner or landowners that entered into a partnership  
21 pursuant to this paragraph provide any contribution, donation or gift, other  
22 than a site donation, to a school district. This subdivision only applies to  
23 the property in the voluntary partnership agreement pursuant to this  
24 paragraph.

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

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

33 (d) A school district to enter into an agreement pursuant to this  
34 paragraph with any party other than a master planned community party. Any  
35 land area consisting of at least three hundred twenty acres that is the  
36 subject of a development agreement with a county, city or town entered into  
37 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
38 planned community. For the purposes of this subdivision, "master planned  
39 community" means a land area consisting of at least three hundred twenty  
40 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
41 approved by the governing body of the county, city or town in which the land  
42 is located that establishes the use of the land area as a planned area  
43 development or district, planned community development or district, planned  
44 unit development or district or other land use category or district that is

1 recognized in the local ordinance of such county, city or town and that  
2 specifies the use of such land is for a master planned development.

3 34. Enter into an intergovernmental agreement with a presiding judge of  
4 the juvenile court to implement a law related education program as defined in  
5 section 15-154. The presiding judge of the juvenile court may assign  
6 juvenile probation officers to participate in a law related education program  
7 in any school district in the county. The cost of juvenile probation  
8 officers who participate in the program implemented pursuant to this  
9 paragraph shall be funded by the school district.

10 35. OFFER TO SELL OUTDATED LEARNING MATERIALS, EDUCATIONAL EQUIPMENT OR  
11 FURNISHINGS AT A POSTED PRICE COMMENSURATE WITH THE VALUE OF THE ITEMS TO  
12 PUPILS WHO ARE CURRENTLY ENROLLED IN THAT SCHOOL DISTRICT BEFORE THOSE  
13 MATERIALS ARE OFFERED FOR PUBLIC SALE.

14 36. IF THE SCHOOL DISTRICT IS A SMALL SCHOOL DISTRICT AS DEFINED IN  
15 SECTION 15-901, AND IF PERMITTED BY FEDERAL LAW, OPT OUT OF FEDERAL GRANT  
16 OPPORTUNITIES IF THE GOVERNING BOARD DETERMINES THAT THE FEDERAL REQUIREMENTS  
17 IMPOSE UNDULY BURDENSOME REPORTING REQUIREMENTS.

18 Sec. 13. Section 15-342, Arizona Revised Statutes, as amended by Laws  
19 2010, chapter 332, section 10, is amended to read:

20 15-342. Discretionary powers

21 The governing board may:

- 22 1. Expel pupils for misconduct.  
23 2. Exclude from grades one through eight children under six years of  
24 age.

25 3. Make such separation of groups of pupils as it deems advisable.

26 4. Maintain such special schools during vacation as deemed necessary  
27 for the benefit of the pupils of the school district.

28 5. Permit a superintendent or principal or representatives of the  
29 superintendent or principal to travel for a school purpose, as determined by  
30 a majority vote of the board. The board may permit members and members-elect  
31 of the board to travel within or without the school district for a school  
32 purpose and receive reimbursement. Any expenditure for travel and  
33 subsistence pursuant to this paragraph shall be as provided in title 38,  
34 chapter 4, article 2. The designated post of duty referred to in section  
35 38-621 shall be construed, for school district governing board members, to be  
36 the member's actual place of residence, as opposed to the school district  
37 office or the school district boundaries. Such expenditures shall be a  
38 charge against the budgeted school district funds. The governing board of a  
39 school district shall prescribe procedures and amounts for reimbursement of  
40 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
41 maximum amounts established pursuant to section 38-624, subsection C.

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

1           7. Sell or lease to the state, a county, a city, ANOTHER SCHOOL  
2 DISTRICT or a tribal government agency any school property required for a  
3 public purpose, provided the sale or lease of the property will not affect  
4 the normal operations of a school within the school district.

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

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

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

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

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

22           (c) The transaction involves the sale of improved or unimproved  
23 property pursuant to an agreement with the school facilities board in which  
24 the school district agrees to sell the improved or unimproved property and  
25 transfer the proceeds of the sale to the school facilities board in exchange  
26 for monies from the school facilities board for the acquisition of a more  
27 suitable school site. For a sale of property acquired by a school district  
28 prior to July 9, 1998, a school district shall transfer to the school  
29 facilities board that portion of the proceeds that equals the cost of the  
30 acquisition of a more suitable school site. If there are any remaining  
31 proceeds after the transfer of monies to the school facilities board, a  
32 school district shall only use those remaining proceeds for future land  
33 purchases approved by the school facilities board, or for capital  
34 improvements not funded by the school facilities board for any existing or  
35 future facility.

36           (d) The transaction involves the sale of improved or unimproved  
37 property pursuant to a formally adopted plan and the school district uses the  
38 proceeds of this sale to purchase other property that will be used for  
39 similar purposes as the property that was originally sold, provided that the  
40 sale proceeds of the improved or unimproved property are used within two  
41 years after the date of the original sale to purchase the replacement  
42 property. If the sale proceeds of the improved or unimproved property are  
43 not used within two years after the date of the original sale to purchase  
44 replacement property, the sale proceeds shall be used towards payment of any  
45 outstanding bonded indebtedness. If any sale proceeds remain after paying

1 for outstanding bonded indebtedness, or if the district has no outstanding  
2 bonded indebtedness, sale proceeds shall be used to reduce the district's  
3 primary tax levy. A school district shall not use this subdivision unless  
4 all of the following conditions exist:

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

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

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

11 11. Review the decision of a teacher to promote a pupil to a grade or  
12 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
13 course in high school. The pupil has the burden of proof to overturn the  
14 decision of a teacher to promote, retain, pass or fail the pupil. In order  
15 to sustain the burden of proof, the pupil shall demonstrate to the governing  
16 board that the pupil has mastered the academic standards adopted by the state  
17 board of education pursuant to sections 15-701 and 15-701.01. If the  
18 governing board overturns the decision of a teacher pursuant to this  
19 paragraph, the governing board shall adopt a written finding that the pupil  
20 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
21 article 3.1, the governing board shall review the decision of a teacher to  
22 promote a pupil to a grade or retain a pupil in a grade in a common school or  
23 to pass or fail a pupil in a course in high school in executive session  
24 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
25 disagrees that the review should be conducted in executive session and then  
26 the review shall be conducted in an open meeting. If the review is conducted  
27 in executive session, the board shall notify the teacher of the date, time  
28 and place of the review and shall allow the teacher to be present at the  
29 review. If the teacher is not present at the review, the board shall consult  
30 with the teacher before making its decision. Any request, including the  
31 written request as provided in section 15-341, the written evidence presented  
32 at the review and the written record of the review, including the decision of  
33 the governing board to accept or reject the teacher's decision, shall be  
34 retained by the governing board as part of its permanent records.

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

38 13. Enter into intergovernmental agreements and contracts with school  
39 districts or other governing bodies as provided in section 11-952.  
40 Intergovernmental agreements and contracts between school districts or  
41 between a school district and other governing bodies as provided in section  
42 11-952 are exempt from competitive bidding under the procurement rules  
43 adopted by the state board of education pursuant to section 15-213.

44 14. Include in the curricula which it prescribes for high schools in  
45 the school district career and technical education, vocational education and

1 technology education programs and career and technical, vocational and  
2 technology program improvement services for the high schools, subject to  
3 approval by the state board of education. The governing board may contract  
4 for the provision of career and technical, vocational and technology  
5 education as provided in section 15-789.

6 15. Suspend a teacher or administrator from the teacher's or  
7 administrator's duties without pay for a period of time of not to exceed ten  
8 school days, if the board determines that suspension is warranted pursuant to  
9 section 15-341, subsection A, paragraphs 21 and 22.

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

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

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

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

19 18. Donate surplus or outdated learning materials, **EDUCATIONAL**  
20 **EQUIPMENT AND FURNISHINGS** to nonprofit community organizations where the  
21 governing board determines that the anticipated cost of selling the learning  
22 materials, **EDUCATIONAL EQUIPMENT OR FURNISHINGS** equals or exceeds the  
23 estimated market value of the materials.

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

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

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

39 22. Require students to wear uniforms.

40 23. Exchange unimproved property or improved property, including school  
41 sites, where the governing board determines that the improved property is  
42 unnecessary for the continued operation of the school district without  
43 requesting authorization by a vote of the school district electors if the  
44 governing board determines that the exchange is necessary to protect the

1 health, safety or welfare of pupils or when the governing board determines  
2 that the exchange is based on sound business principles for either:

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

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

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

26 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9,  
27 construct school buildings and purchase or lease school sites, without a vote  
28 of the school district electors, if the buildings and sites are totally  
29 funded from one or more of the following:

30 (a) Monies in the unrestricted capital outlay fund, except that the  
31 estimated cost shall not exceed two hundred fifty thousand dollars for a  
32 district that utilizes section 15-949.

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

35 (c) Monies specifically donated for the purpose of constructing school  
36 buildings.

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

40 26. Conduct a background investigation that includes a fingerprint  
41 check conducted pursuant to section 41-1750, subsection G for certificated  
42 personnel and personnel who are not paid employees of the school district, as  
43 a condition of employment. A school district may release the results of a  
44 background check to another school district for employment purposes. The  
45 school district may charge the costs of fingerprint checks to its

1 fingerprinted employee, except that the school district may not charge the  
2 costs of fingerprint checks for personnel who are not paid employees of the  
3 school district.

4 27. Unless otherwise prohibited by law, sell advertising as follows:

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

9 (b) Advertising approved by the governing board for the exterior of  
10 school buses may appear only on the sides of the bus in the following areas:

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

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

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

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

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

21 (c) The school district shall establish an advertisement fund that is  
22 composed of revenues from the sale of advertising. The monies in an  
23 advertisement fund are not subject to reversion.

24 28. Assess reasonable damage deposits to pupils in grades seven through  
25 twelve for the use of textbooks, musical instruments, band uniforms or other  
26 equipment required for academic courses. The governing board shall adopt  
27 policies on any damage deposits assessed pursuant to this paragraph at a  
28 public meeting called for this purpose after providing notice to all parents  
29 of pupils in grades seven through twelve in the school district. Principals  
30 of individual schools within the district may waive the damage deposit  
31 requirement for any textbook or other item if the payment of the damage  
32 deposit would create an economic hardship for the pupil. The school district  
33 shall return the full amount of the damage deposit for any textbook or other  
34 item if the pupil returns the textbook or other item in reasonably good  
35 condition within the time period prescribed by the governing board. For the  
36 purposes of this paragraph, "in reasonably good condition" means the textbook  
37 or other item is in the same or a similar condition as it was when the pupil  
38 received it, plus ordinary wear and tear.

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

43 30. Notwithstanding section 15-1143, expend surplus monies in the  
44 community school program fund for maintenance and operations or unrestricted

1 capital outlay, if sufficient monies are available in the fund after meeting  
2 the needs of programs established pursuant to section 15-1142.

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

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

10 (a) The policy may provide reasonable exceptions to the parental  
11 notification requirement.

12 (b) The policy shall set forth whether and under what circumstances a  
13 parent may be present when a law enforcement officer interviews the pupil,  
14 including reasonable exceptions to the circumstances under which a parent may  
15 be present when a law enforcement officer interviews the pupil, and shall  
16 specify a reasonable maximum time after a parent is notified that an  
17 interview of a pupil by a law enforcement officer may be delayed to allow the  
18 parent to be present.

19 33. Enter into voluntary partnerships with any party to finance with  
20 funds other than school district funds and cooperatively design school  
21 facilities that comply with the adequacy standards prescribed in section  
22 15-2011 and the square footage per pupil requirements pursuant to section  
23 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
24 location of any such school facility shall be submitted to the school  
25 facilities board for approval pursuant to section 15-2041, subsection 0. If  
26 the school facilities board approves the design plans and location of any  
27 such school facility, the party in partnership with the school district may  
28 cause to be constructed and the district may begin operating the school  
29 facility before monies are distributed from the school facilities board  
30 pursuant to section 15-2041. Monies distributed from the new school  
31 facilities fund to a school district in a partnership with another party to  
32 finance and design the school facility shall be paid to the school district  
33 pursuant to section 15-2041. The school district shall reimburse the party  
34 in partnership with the school district from the monies paid to the school  
35 district pursuant to section 15-2041, in accordance with the voluntary  
36 partnership agreement. Before the school facilities board distributes any  
37 monies pursuant to this subsection, the school district shall demonstrate to  
38 the school facilities board that the facilities to be funded pursuant to  
39 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
40 in section 15-2011. If the cost to construct the school facility exceeds the  
41 amount that the school district receives from the new school facilities fund,  
42 the partnership agreement between the school district and the other party  
43 shall specify that, except as otherwise provided by the other party, any such  
44 excess costs shall be the responsibility of the school district. The school  
45 district governing board shall adopt a resolution in a public meeting that an

1 analysis has been conducted on the prospective effects of the decision to  
2 operate a new school with existing monies from the school district's  
3 maintenance and operations budget and how this decision may affect other  
4 schools in the school district. If a school district acquires land by  
5 donation at an appropriate school site approved by the school facilities  
6 board and a school facility is financed and built on the land pursuant to  
7 this paragraph, the school facilities board shall distribute an amount equal  
8 to twenty per cent of the fair market value of the land that can be used for  
9 academic purposes. The school district shall place the monies in the  
10 unrestricted capital outlay fund and increase the unrestricted capital budget  
11 limit by the amount of the monies placed in the fund. Monies distributed  
12 under this paragraph shall be distributed from the new school facilities fund  
13 pursuant to section 15-2041. If a school district acquires land by donation  
14 at an appropriate school site approved by the school facilities board and a  
15 school facility is financed and built on the land pursuant to this paragraph,  
16 the school district shall not receive monies from the school facilities board  
17 for the donation of real property pursuant to section 15-2041, subsection F.  
18 It is unlawful for:

19 (a) A county, city or town to require as a condition of any land use  
20 approval that a landowner or landowners that entered into a partnership  
21 pursuant to this paragraph provide any contribution, donation or gift, other  
22 than a site donation, to a school district. This subdivision only applies to  
23 the property in the voluntary partnership agreement pursuant to this  
24 paragraph.

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

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

33 (d) A school district to enter into an agreement pursuant to this  
34 paragraph with any party other than a master planned community party. Any  
35 land area consisting of at least three hundred twenty acres that is the  
36 subject of a development agreement with a county, city or town entered into  
37 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
38 planned community. For the purposes of this subdivision, "master planned  
39 community" means a land area consisting of at least three hundred twenty  
40 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
41 approved by the governing body of the county, city or town in which the land  
42 is located that establishes the use of the land area as a planned area  
43 development or district, planned community development or district, planned  
44 unit development or district or other land use category or district that is

1 recognized in the local ordinance of such county, city or town and that  
2 specifies the use of such land is for a master planned development.

3 34. Enter into an intergovernmental agreement with a presiding judge of  
4 the juvenile court to implement a law related education program as defined in  
5 section 15-154. The presiding judge of the juvenile court may assign  
6 juvenile probation officers to participate in a law related education program  
7 in any school district in the county. The cost of juvenile probation  
8 officers who participate in the program implemented pursuant to this  
9 paragraph shall be funded by the school district.

10 35. OFFER TO SELL OUTDATED LEARNING MATERIALS, EDUCATIONAL EQUIPMENT OR  
11 FURNISHINGS AT A POSTED PRICE COMMENSURATE WITH THE VALUE OF THE ITEMS TO  
12 PUPILS WHO ARE CURRENTLY ENROLLED IN THAT SCHOOL DISTRICT BEFORE THOSE  
13 MATERIALS ARE OFFERED FOR PUBLIC SALE.

14 36. IF THE SCHOOL DISTRICT IS A SMALL SCHOOL DISTRICT AS DEFINED IN  
15 SECTION 15-901, AND IF PERMITTED BY FEDERAL LAW, OPT OUT OF FEDERAL GRANT  
16 OPPORTUNITIES IF THE GOVERNING BOARD DETERMINES THAT THE FEDERAL REQUIREMENTS  
17 IMPOSE UNDULY BURDENSOME REPORTING REQUIREMENTS.

18 Sec. 14. Repeal

19 Section 15-342, Arizona Revised Statutes, as amended by Laws 2010,  
20 chapter 117, section 6, is repealed.

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

22 15-491. Elections on school property; exceptions

23 A. The governing board of a school district may, and on petition of  
24 fifteen per cent of the school electors as shown by the poll list at the last  
25 preceding annual school election shall, call an election for the following  
26 purposes:

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

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

32 3. To decide whether the bonds of the school district shall be issued  
33 and sold for the purpose of raising money for purchasing or leasing school  
34 lots, for building or renovating school buildings, for supplying school  
35 buildings with furniture, equipment and technology, for improving school  
36 grounds, for purchasing pupil transportation vehicles or for liquidating any  
37 indebtedness already incurred for such purposes. Bonds issued for furniture,  
38 equipment and technology, other than fixtures, shall mature no later than the  
39 July 1 that follows the fifth year after the bonds were issued. A school  
40 district shall not issue class B bonds until the school district has  
41 obligated in contract the entire proceeds of any class A bonds issued by the  
42 school district. The total amount of class A and class B bonds issued by a  
43 school district shall not exceed the debt limitations prescribed in article  
44 IX, sections 8 and 8.1, Constitution of Arizona.

1           4. To lease for five or more years, as lessor or as lessee, school  
2 buildings or grounds. Approval by a majority of the school district electors  
3 voting authorizes the governing board to negotiate for and enter into a  
4 lease. The ballot shall list the school buildings or grounds for which a  
5 lease is sought. If the governing board does not enter into a lease of five  
6 or more years of the school buildings or grounds listed on the ballot within  
7 five years of the date of the election and the board continues to seek such a  
8 lease, the governing board shall call a special election to reauthorize the  
9 board to negotiate for and to enter into a lease of five or more years.

10           5. TO CHANGE THE LIST OF CAPITAL PROJECTS OR THE PURPOSES AUTHORIZED  
11 BY PRIOR VOTER APPROVAL TO ISSUE BONDS.

12           6. TO EXTEND FROM SIX TO TEN YEARS THE TIME PERIOD TO ISSUE CLASS B  
13 BONDS AUTHORIZED IN 2009 OR EARLIER. ELECTIONS PURSUANT TO THIS PARAGRAPH  
14 MAY NOT BE HELD LATER THAN THE SIXTH NOVEMBER AFTER THE ELECTION APPROVING  
15 THE ISSUANCE OF THE BONDS.

16           B. No petition shall be required for the holding of the first election  
17 to be held in a joint common school district for any of the purposes  
18 specified in subsection A of this section. The notice of election required  
19 by section 15-492 shall be published in each of the counties that comprise  
20 the joint common school district. The certification of election results  
21 required by section 15-493 shall be made to the board of supervisors of the  
22 jurisdictional county.

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

28           D. The governing board shall order the election to be held in the  
29 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
30 election has been filed with the governing board as provided in subsection A  
31 of this section, the board shall act on the petition within sixty days by  
32 ordering the election to be held as provided in this subsection. If a school  
33 district bond election is scheduled for the same date a school district will  
34 hold an override election, the governing body shall deliver a copy of the  
35 notice of election and ballot to the county school superintendent who shall  
36 include the notice of election and ballot with the information report and  
37 ballot prepared for the override election. Mailing of the information  
38 required for both the override and bond elections shall constitute compliance  
39 with the notice provisions of this section.

40           E. The elections to be held pursuant to this section shall only be  
41 held on dates prescribed by section 16-204, except that elections held  
42 pursuant to this section to decide whether class B bonds shall be issued, or  
43 any other obligation incurred that will require the assessment of secondary  
44 property taxes, shall only be held on the first Tuesday after the first  
45 Monday of November.

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

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

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

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

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

16 \_\_\_\_\_ school district is proposing to issue class B  
17 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
18 improvements over and above those funded by the state. Under  
19 the students first capital funding system, \_\_\_\_\_ school  
20 district is entitled to state monies for building renewal, new  
21 construction and renovation of school buildings in accordance  
22 with state law.

23 2. For a school district that is a joint technical education district,  
24 the ballot shall include the following statement:

25 \_\_\_\_\_, a joint technical education district, is  
26 proposing to issue class B general obligation bonds totaling  
27 \$\_\_\_\_\_ to fund capital improvements at a campus owned or  
28 operated and maintained by the joint technical education  
29 district.

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

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

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

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

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

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

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

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

17           1. The ballot shall include the following statement:

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

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

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

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

40           4. No later than thirty-five days before an impact aid revenue bond  
41 election conducted pursuant to this section, the school district shall mail a  
42 publicity pamphlet to each household that contains a qualified elector in the  
43 school district. The publicity pamphlet shall contain, at a minimum, the  
44 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. **THE PROPOSED CAPITAL IMPROVEMENTS MAY BE  
25 CHANGED BY A SUBSEQUENT ELECTION AS PROVIDED BY THIS SECTION.**

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

38 **L. IF AN ELECTION IS HELD TO CHANGE THE PURPOSE OR LIST OF CAPITAL  
39 PROJECTS AUTHORIZED BY PRIOR VOTER APPROVAL TO ISSUE BONDS PURSUANT TO  
40 SUBSECTION A, PARAGRAPH 5 OF THIS SECTION, THE FOLLOWING REQUIREMENTS APPLY:**

41 **1. THE ELECTION MAY BE HELD ONLY ON THE FIRST TUESDAY AFTER THE FIRST  
42 MONDAY IN NOVEMBER.**

1           2. NO LATER THAN THIRTY-FIVE DAYS BEFORE THE ELECTION, THE SCHOOL  
2 DISTRICT SHALL MAIL A PUBLICITY PAMPHLET TO EACH HOUSEHOLD IN THE SCHOOL  
3 DISTRICT THAT CONTAINS A QUALIFIED ELECTOR. THE PUBLICITY PAMPHLET SHALL  
4 CONTAIN, AT A MINIMUM, THE FOLLOWING INFORMATION:

5           (a) THE DATE OF THE ELECTION.

6           (b) THE VOTER'S POLLING PLACE AND THE TIMES IT IS OPEN.

7           (c) A STATEMENT AS TO WHY THE ELECTION WAS CALLED.

8           (d) A COMPLETE LIST OF EACH PROPOSED CAPITAL IMPROVEMENT THAT IS IN  
9 ADDITION TO THE INITIAL CAPITAL IMPROVEMENTS PRESENTED IN THE PUBLICITY  
10 PAMPHLET WHEN THE BONDS WERE APPROVED AND THE PROPOSED COST OF EACH  
11 IMPROVEMENT, INCLUDING A SEPARATE AGGREGATION OF CAPITAL IMPROVEMENTS FOR  
12 ADMINISTRATIVE PURPOSES AS DEFINED BY THE SCHOOL FACILITIES BOARD.

13           (e) A COMPLETE LIST OF EACH CAPITAL IMPROVEMENT THAT WAS PRESENTED IN  
14 THE PUBLICITY PAMPHLET WHEN THE BONDS WERE INITIALLY APPROVED AND THAT IS  
15 PROPOSED TO BE ELIMINATED OR TO HAVE ITS COST REDUCED, AND THE PROPOSED COST  
16 OF EACH IMPROVEMENT, INCLUDING A SEPARATE AGGREGATION OF CAPITAL IMPROVEMENTS  
17 FOR ADMINISTRATIVE PURPOSES AS DEFINED BY THE SCHOOL FACILITIES BOARD.

18           (f) ARGUMENTS FOR AND AGAINST THE PROPOSED CHANGE, IF SUBMITTED, AS  
19 PROVIDED BY SECTION 15-481, SUBSECTION B, PARAGRAPH 9.

20           3. THE BALLOT SHALL CONTAIN THE WORDS "CHANGE CAPITAL IMPROVEMENTS,  
21 YES" AND "CHANGE CAPITAL IMPROVEMENTS, NO", AND THE VOTER SHALL SIGNIFY THE  
22 VOTER'S DESIRED CHOICE.

23           4. IF THE ELECTION IS TO ADD A PURPOSE THAT WAS NOT ON THE INITIAL  
24 BALLOT, THE BALLOT SHALL LIST THE PURPOSE THAT IS PROPOSED TO BE ADDED.

25           M. IF AN ELECTION IS HELD TO EXTEND THE TIME TO ISSUE BONDS PURSUANT  
26 TO SUBSECTION A, PARAGRAPH 6 OF THIS SECTION, THE FOLLOWING REQUIREMENTS  
27 APPLY:

28           1. THE ELECTION MAY BE HELD ONLY ON THE FIRST TUESDAY AFTER THE FIRST  
29 MONDAY IN NOVEMBER.

30           2. NO LATER THAN THIRTY-FIVE DAYS BEFORE THE ELECTION, THE SCHOOL  
31 DISTRICT SHALL MAIL A PUBLICITY PAMPHLET TO EACH HOUSEHOLD IN THE SCHOOL  
32 DISTRICT THAT CONTAINS A QUALIFIED ELECTOR. THE PUBLICITY PAMPHLET SHALL  
33 CONTAIN, AT A MINIMUM, THE FOLLOWING INFORMATION:

34           (a) THE DATE OF THE ELECTION.

35           (b) THE VOTER'S POLLING PLACE AND THE TIMES IT IS OPEN.

36           (c) A STATEMENT AS TO WHY THE ELECTION WAS CALLED.

37           (d) ARGUMENTS FOR AND AGAINST THE PROPOSED CHANGE, IF SUBMITTED, AS  
38 PROVIDED IN SECTION 15-481, SUBSECTION B, PARAGRAPH 9.

39           3. THE BALLOT SHALL CONTAIN THE WORDS "EXTEND TIME TO ISSUE BONDS,  
40 YES" AND "EXTEND TIME TO ISSUE BONDS, NO", AND THE VOTER SHALL SIGNIFY THE  
41 VOTER'S DESIRED CHOICE.

42           Sec. 16. Section 15-914, Arizona Revised Statutes, is amended to read:  
43 15-914. Financial and compliance audits

44           A. The governing board of a school district that is required to comply  
45 with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat. 1396;

1 31 United States Code sections 7501 through 7507) shall contract for at least  
2 annual financial and compliance audits of financial transactions and accounts  
3 subject to the single audit act amendments of 1996 and kept by or for the  
4 school district. ~~Beginning with fiscal year 2003-2004,~~ The governing board  
5 of a school district that is not required to comply with the single audit act  
6 and that has adopted an expenditure budget of two million dollars or more for  
7 the maintenance and operation fund pursuant to section 15-905 shall contract  
8 for an annual financial statement audit. ~~Beginning with fiscal year~~  
9 ~~2004-2005,~~ The governing board of a school district that is not required to  
10 comply with the single audit act and that has adopted an expenditure budget  
11 of less than two million dollars but more than seven hundred thousand dollars  
12 for the maintenance and operation fund pursuant to section 15-905 shall  
13 contract for a biennial financial statement audit. An independent certified  
14 public accountant shall conduct the audit in accordance with generally  
15 accepted governmental auditing standards. To the extent permitted by federal  
16 law, a school district that is required to participate in an annual audit  
17 pursuant to this subsection may convert to a biennial audit schedule if the  
18 previous annual audit did not contain any significant negative findings. If  
19 a biennial audit of a school district conducted pursuant to this subsection  
20 contains any significant negative findings, the school district shall convert  
21 back to an annual audit schedule. If a school district is required to  
22 convert back to an annual audit schedule pursuant to this subsection because  
23 of significant negative findings, the school district may subsequently  
24 convert to a biennial audit schedule if the previous two annual audits did  
25 not contain any significant negative findings. For the purposes of this  
26 subsection, "significant negative finding" means a finding that results in  
27 the issuance of a letter of noncompliance from the auditor general.

28 B. The governing board of a charter school that is required to comply  
29 with the single audit act amendments of 1996 shall contract for an annual  
30 financial and compliance audit of financial transactions and accounts subject  
31 to the single audit act amendments of 1996 and kept by or for the charter  
32 school. **A CHARTER SCHOOL SHALL CONTRACT WITH A DIFFERENT AUDITOR AT LEAST**  
33 **ONCE EVERY SIX YEARS.**

34 C. A charter school that is not subject to the single audit act  
35 amendments of 1996 shall contract for at least an annual financial statement  
36 audit conducted in accordance with generally accepted governmental auditing  
37 standards. An independent certified public accountant shall conduct the  
38 audit. **A CHARTER SCHOOL SHALL CONTRACT WITH A DIFFERENT AUDITOR AT LEAST**  
39 **ONCE EVERY SIX YEARS.**

40 D. For all audits referred to in subsections A, B and C of this  
41 section, the independent certified public accountant shall submit a uniform  
42 system of financial records compliance questionnaire to the auditor general  
43 with the applicable audit reports.

44 E. Contracts for all financial and compliance audits and financial  
45 statement audits and the completed audits shall be approved by the auditor

1 general as provided in section 41-1279.21. Contracts for all financial and  
2 compliance audits and financial statement audits shall comply with the rules  
3 for competitive sealed proposals as prescribed by the state board of  
4 education in section 15-213.

5 F. If the school district or charter school will incur costs of  
6 financial and compliance audits for the budget year, the governing board of a  
7 school district or the governing body of the charter school may increase its  
8 base support level for the budget year by an amount equal to the amount  
9 expended for the district's or charter school's financial and compliance  
10 audits in the year before the current year, increased by the growth rate as  
11 prescribed by law, subject to appropriation. In determining the amount  
12 expended for the district's or charter school's financial and compliance  
13 audits, the school district or charter school shall include only the portion  
14 of the audit that must be paid from monies other than federal monies. The  
15 department of education and the auditor general shall prescribe a method for  
16 determining the increase in the base support level and shall include in the  
17 maintenance and operation section of the budget format, as provided in  
18 section 15-903, a separate line for financial and compliance audits  
19 expenditures.

20 G. ~~Beginning in fiscal year 2003-2004,~~ Every audit contract shall  
21 include a systematic review of average daily membership, as defined in  
22 section 15-901, using methodology that is consistent with guidelines  
23 established by the auditor general. The auditor general shall consider cost  
24 when establishing guidelines pursuant to this subsection and, to the extent  
25 possible, shall attempt to minimize the cost of the review. The purpose of  
26 the review is to determine whether the average daily membership reported by  
27 the charter school or school district is in compliance with the laws of this  
28 state and the uniform systems of financial records for charter schools and  
29 school districts.

30 Sec. 17. Section 15-977, Arizona Revised Statutes, is amended to read:  
31 15-977. Classroom site fund; definitions

32 A. The classroom site fund is established consisting of monies  
33 transferred to the fund pursuant to section 37-521, subsection B and section  
34 42-5029, subsection E, paragraph 10. The department of education shall  
35 administer the fund. School districts and charter schools may not supplant  
36 existing school site funding with revenues from the fund. All monies  
37 distributed from the fund are intended for use at the school site. Each  
38 school district or charter school shall allocate forty per cent of the monies  
39 for teacher compensation increases based on performance and employment  
40 related expenses, twenty per cent of the monies for teacher base salary  
41 increases and employment related expenses and forty per cent of the monies  
42 for maintenance and operation purposes as prescribed in subsection H of this  
43 section. Teacher compensation increases based on performance or teacher base  
44 salary increases distributed pursuant to this subsection shall supplement,  
45 and not supplant, teacher compensation monies from any other sources. The

1 school district or charter school shall notify each school principal of the  
2 amount available to the school by April 15 of each year. The district or  
3 charter school shall request from the school's principal each school's  
4 priority for the allocation of the funds available to the school for each  
5 program listed under subsection H of this section. The amount budgeted by  
6 the school district or charter school pursuant to this section shall not be  
7 included in the allowable budget balance carryforward calculated pursuant to  
8 section 15-943.01.

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

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

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

29 D. A performance based compensation system shall include teacher  
30 professional development programs that are aligned with the elements of the  
31 performance based compensation system.

32 E. A school district governing board may modify the elements contained  
33 in subsection C of this section and consider additional elements when  
34 adopting a performance based compensation system. A school district  
35 governing board shall adopt any modifications or additional elements and  
36 specify the criteria used at a public hearing.

37 F. Until December 31, 2009, each school district shall develop an  
38 assessment plan for its performance based compensation system and submit the  
39 plan to the department of education by December 31 of each year. A copy of  
40 the performance based compensation system and assessment plan adopted by the  
41 school district governing board shall be included in the report submitted to  
42 the department of education.

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

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

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

15           3. For each fiscal year in which the legislature appropriates  
16 sufficient monies for teacher performance pay pursuant to this section, the  
17 amount appropriated shall equal the product of the base level prescribed in  
18 section 15-901 multiplied by the prior year statewide weighted student count  
19 multiplied by the following percentages:

20           (a) For stage one, one per cent.

21           (b) For stage two, two per cent.

22           (c) For stage three, three per cent.

23           (d) For stage four, four per cent.

24           (e) For stage five, five per cent.

25           (f) For stage six, five and one-half per cent by June 30, 2018.

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

28           1. Class size reduction.

29           2. Teacher compensation increases.

30           3. AIMS intervention programs.

31           4. Teacher development.

32           5. Dropout prevention programs.

33           6. Teacher liability insurance premiums.

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

39           J. School districts and charter schools that receive monies from the  
40 classroom site fund shall submit a report by November 15 of each year to the  
41 superintendent of public instruction ~~on a per school basis~~ that provides an  
42 accounting of the expenditures of monies distributed from the fund during the  
43 previous fiscal year and a summary of the results of district and school  
44 programs funded with monies distributed from the fund. The department of

1 education in conjunction with the auditor general shall prescribe the format  
2 of the report under this subsection.

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

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

26 M. Each school district and charter school, including school districts  
27 that unify pursuant to section 15-448 or consolidate pursuant to section  
28 15-459, shall establish a local level classroom site fund to receive  
29 allocations from the state level classroom site fund. The local level  
30 classroom site fund shall be a budgetary controlled account. Interest  
31 charges for any registered warrants for the local level classroom site fund  
32 shall be a charge against the local level classroom site fund. Interest  
33 earned on monies in the local level classroom site fund shall be added to the  
34 local level classroom site fund as provided in section 15-978. ~~In no event~~  
35 ~~shall~~ This state **SHALL NOT** be required to make payments to a school district  
36 or charter school local level classroom site fund that are in addition to  
37 monies transferred to the state level classroom site fund pursuant to section  
38 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

44 O. If a school district is approved for a career ladder program  
45 pursuant to section 15-918.04 or an optional performance incentive program

1 pursuant to section 15-919, the school district may continue to participate  
2 in those programs or may choose to receive additional teacher performance pay  
3 monies pursuant to subsection G, paragraph 3 of this section. If a school  
4 district chooses to receive monies pursuant to subsection G, paragraph 3 of  
5 this section, the school district shall reduce the amount of funding for its  
6 career ladder program or optional performance incentive program, as  
7 applicable, in an amount that is equal to the amount appropriated by the  
8 legislature for the applicable stage specified in subsection G, paragraph 3  
9 of this section. If a school district is approved for a career ladder  
10 program pursuant to section 15-918.04 or an optional performance incentive  
11 program pursuant to section 15-919 and that school district chooses to  
12 receive monies for stage one pursuant to subsection G, paragraph 3 of this  
13 section, the school district shall continue to receive funding through the  
14 remaining stages specified in subsection G, paragraph 3 of this section,  
15 subject to legislative appropriation. A school district that is subject to  
16 this subsection shall notify the department of education of the school  
17 district's intention to receive monies pursuant to subsection G, paragraph 3  
18 of this section no later than July 1 of the fiscal year that stage one monies  
19 are appropriated.

20 P. For the purposes of this section:

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

25 2. "Class size reduction" means any maintenance and operations  
26 expenditure that is designed to reduce the ratio of pupils to classroom  
27 teachers, including the use of persons who serve as aides to classroom  
28 teachers.

29 Sec. 18. Section 15-991, Arizona Revised Statutes, is amended to read:  
30 15-991. Annual estimate by county school superintendent of  
31 monies for ensuing year

32 A. The county school superintendent, not later than August 1 each  
33 year, shall file in writing with the governing board of each school district  
34 in the county, ~~AND the board of supervisors and the property tax oversight~~  
35 ~~commission~~ the superintendent's estimate of the amount of school monies  
36 required by each school district for the ensuing year, based on the budgets  
37 adopted by the governing boards of the school districts. ~~THE COUNTY SCHOOL~~  
38 ~~SUPERINTENDENT, CONCURRENT WITH THE BOARD OF SUPERVISORS ADOPTING TAX RATES~~  
39 ~~EACH YEAR, SHALL FILE IN WRITING WITH THE PROPERTY TAX OVERSIGHT COMMISSION~~  
40 ~~THE FINALIZED ESTIMATE OF THE AMOUNT OF SCHOOL MONIES REQUIRED BY EACH SCHOOL~~  
41 ~~DISTRICT FOR THE ENSUING YEAR, BASED ON THE BUDGETS ADOPTED BY THE SCHOOL~~  
42 ~~DISTRICT GOVERNING BOARDS.~~ The estimate shall contain:

43 1. A statement of the student count of each school district.

1           2. The total amount to be received for the year by each school  
2 district from the county school fund and the special county school reserve  
3 fund.

4           3. The projected ending cash balance from the previous year adjusted  
5 for encumbrances and payables for each school district as provided by the  
6 school district and as certified by the president of the school district  
7 governing board. A governing board may delegate to a superintendent, head  
8 teacher or business manager the authority to certify the projected cash  
9 balance.

10          4. The anticipated interest earnings for each school district.

11          5. Revenues equal to the amount included in the adopted budget for the  
12 maintenance and operation section of the budget permitted by section 15-947,  
13 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and  
14 (vi) and subdivision (d). The county school superintendent shall subtract  
15 from each school district's budgeted expenditures the total amount of  
16 estimated revenues including the projected ending cash balance from the  
17 previous year adjusted for encumbrances and payables in order to estimate the  
18 additional amounts needed for each school district from the primary property  
19 tax and the secondary property tax. The county school superintendent shall  
20 certify such amounts to the board of supervisors and the property tax  
21 oversight commission in writing at the time of filing the estimate. When  
22 estimating the additional amount needed from the primary property tax for a  
23 school district that is not eligible for any equalization assistance as  
24 provided in section 15-971, the county school superintendent shall include  
25 the school district governing board's estimate of the increase in the revenue  
26 control limit as prescribed by section 15-948 for the applicable year, except  
27 that the percentage increase in average daily membership used to compute the  
28 estimated increase in the revenue control limit may not exceed the average of  
29 the percentage increase in average daily membership in the three years before  
30 the year for which the estimate is made.

31          B. The county school superintendent shall recompute equalization  
32 assistance for education for each school district as provided in section  
33 15-971, subsection A using the property values provided by the county  
34 assessor as provided in section 42-17052. The county school superintendent  
35 shall certify in writing the amount of equalization assistance for education  
36 and the amount needed for each school district from the primary property tax  
37 to the board of supervisors and the property tax oversight commission on or  
38 before the third day ~~prior to~~ BEFORE the day the board of supervisors is  
39 required to levy school district taxes as provided in section 15-992.

40          C. The county school superintendent shall compute the additional  
41 amount to be levied as provided in section 15-992, subsection B, using the  
42 property values provided in section 42-17052. The county school  
43 superintendent shall certify in writing the additional amount to be levied to  
44 the county board of supervisors and the property tax oversight commission on

1 or before the third day ~~prior to~~ BEFORE the day the board of supervisors is  
2 required to levy school district taxes as provided in section 15-992.

3 D. On or before September 1, the governing board of a school district  
4 shall file with the county school superintendent an estimate of the amount of  
5 title VIII of the elementary and secondary education act of 1965 monies it is  
6 eligible to receive during the current year. On or before June 1, the  
7 governing board shall file with the county school superintendent and the  
8 superintendent of public instruction a statement of the actual amount of  
9 title VIII of the elementary and secondary education act of 1965 monies it  
10 received during the current year. This subsection does not apply to  
11 accommodation schools.

12 E. The department may collect any other similar or related information  
13 from school districts that the department may determine is necessary to carry  
14 out the purposes of this section.

15 Sec. 19. Section 15-1021, Arizona Revised Statutes, as amended by Laws  
16 2010, chapter 17, section 16, is amended to read:

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

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

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

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

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

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

18 E. No bonds authorized to be issued by an election held after July 1,  
19 1980 and before November 24, 2009 may be issued more than six years after the  
20 date of the election, **EXCEPT THAT THE TIME PERIOD MAY BE EXTENDED TO TEN**  
21 **YEARS PURSUANT TO AN ELECTION CONDUCTED PURSUANT TO SECTION 15-491,**  
22 **SUBSECTION A, PARAGRAPH 6 AND** except that class A bonds shall not be issued  
23 after December 31, 1999. No bonds authorized to be issued by an election  
24 held after November 24, 2009 may be issued more than ten years after the date  
25 of the election.

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

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

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

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

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

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

7 Sec. 20. Repeal

8 Section 15-1021, Arizona Revised Statutes, as amended by Laws 2010,  
9 chapter 318, section 19, is repealed.

10 Sec. 21. Classroom site fund; budget capacity amount for fiscal  
11 year 2011-2012

12 Notwithstanding section 15-977, subsection G, paragraph 1, Arizona  
13 Revised Statutes, as amended by this act, for fiscal year 2011-2012 the  
14 budget capacity derived from the classroom site fund shall be one hundred  
15 twenty dollars per pupil.

16 Sec. 22. Spending level for teacher compensation in fiscal year  
17 2012-2013

18 Notwithstanding the nonsupplanting requirements of section 15-977,  
19 subsection A, Arizona Revised Statutes, as amended by this act, school  
20 districts and charter schools that use sources other than classroom site fund  
21 monies for teacher compensation in fiscal year 2011-2012 as a result of the  
22 adjustment for prior year shortfalls in the fiscal year 2011-2012 per pupil  
23 amount as calculated by the joint legislative budget committee pursuant to  
24 section 15-977, subsection G, paragraph 1, Arizona Revised Statutes, as  
25 amended by this act, are not required to maintain this higher level of  
26 spending for teacher compensation from other sources in fiscal year 2012-  
27 2013.

28 Sec. 23. Override revenue control limit for fiscal years  
29 2011-2012 and 2012-2013

30 In fiscal years 2011-2012 and 2012-2013, for the purposes of section  
31 15-481, Arizona Revised Statutes, "revenue control limit" means an adjusted  
32 revenue control limit calculated using an adjusted base support level as  
33 follows:

34 1. For the base level, use the greater of the actual base level plus  
35 the percentage increases prescribed by section 15-901, subsection B,  
36 paragraph 2, or three thousand two hundred sixty-seven dollars seventy-two  
37 cents.

38 2. If kindergarten pupils are counted as fractional students, when  
39 determining the weighted student count, include a Group B support level  
40 weight of 1.352 for kindergarten pupils only.

41 Sec. 24. Limitation on amount of bonded indebtedness; intent

42 A. Notwithstanding section 15-1021, Arizona Revised Statutes, the  
43 percentage limitation prescribed in section 15-1021, subsection B, Arizona  
44 Revised Statutes, is increased to ten per cent for any bonds approved by the  
45 voters of the school district before April 15, 2011, except that the total

1 amount of class A and class B bonds issued by a school district shall not  
2 exceed the debt limitations prescribed in Article IX, section 8, Constitution  
3 of Arizona. Any class B bonds approved on or after April 15, 2011 may not be  
4 issued unless total class B bond indebtedness, including all existing class B  
5 bond indebtedness, will not exceed the percentage limitation prescribed in  
6 section 15-1021, subsection B, Arizona Revised Statutes.

7 B. Notwithstanding section 15-1021, Arizona Revised Statutes, the  
8 percentage limitation prescribed in section 15-1021, subsection D, Arizona  
9 Revised Statutes, is increased to twenty per cent for any bonds approved by  
10 the voters of the school district before April 15, 2011, except that the  
11 total amount of class A and class B bonds issued by a unified school district  
12 shall not exceed the debt limitations prescribed in Article IX, section 8.1,  
13 Constitution of Arizona. Any class B bonds approved on or after April 15,  
14 2011 may not be issued unless total class B bond indebtedness, including all  
15 existing class B bond indebtedness, will not exceed the percentage limitation  
16 prescribed in section 15-1021, subsection D, Arizona Revised Statutes.

17 C. It is the intent of the legislature that, if a school district uses  
18 this section, the revenue that results from the temporary additional bonding  
19 capacity prescribed in this section be used only for capital purposes and not  
20 be used for maintenance and operation expenses, as provided in section  
21 15-491, Arizona Revised Statutes, as amended by this act.

22 Sec. 25. Effective date

23 Section 15-342, Arizona Revised Statutes, as amended by Laws 2010,  
24 chapter 332, section 10 and this act, is effective from and after June 30,  
25 2013.