

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SENATE BILL 1617

AN ACT

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 SECTION 15-236, ARIZONA REVISED STATUTES; REPEALING SECTION 15-249, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 15-249 AND SECTION 15-249.02; AMENDING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 285, SECTION 1 AND CHAPTER 306, SECTION 3; REPEALING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 5; AMENDING SECTION 15-824, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 2 AND LAWS 2010, SECOND REGULAR SESSION, CHAPTER 220, SECTION 2, CHAPTER 306, SECTION 6 AND CHAPTER 332, SECTION 15; REPEALING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 12; AMENDING SECTION 15-910.02, ARIZONA REVISED STATUTES; REPEALING SECTION 15-910.04, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05, 15-919, 15-919.02, 15-919.03, 15-919.04, 15-919.05 AND 15-919.06, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-943, 15-944, 15-945, 15-947 AND 15-947.01, ARIZONA REVISED STATUTES; AMENDING SECTION 15-977, ARIZONA REVISED STATUTES; BLENDING MULTIPLE ENACTMENTS; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

6 15-185. Charter schools; financing; civil penalty;
7 transportation; definitions

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

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

22 2. A school district is not financially responsible for any charter
23 school that is sponsored by the state board of education, the state board for
24 charter schools, a university under the jurisdiction of the Arizona board of
25 regents, a community college district or a group of community college
26 districts.

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

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

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

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

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

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

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

26 B. Financial provisions for a charter school that is sponsored by the
27 state board of education, the state board for charter schools, a university,
28 a community college district or a group of community college districts are as
29 follows:

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

33 2. Notwithstanding paragraph 1 of this subsection, the student count
34 shall be determined initially using an estimated student count based on
35 actual registration of pupils before the beginning of the school year. After
36 the first one hundred days or two hundred days in session, as applicable, the
37 charter school shall revise the student count to be equal to the actual
38 average daily membership, as defined in section 15-901, ~~or the adjusted~~
39 ~~average daily membership, as prescribed in section 15-902,~~ of the charter
40 school. ~~A charter school that provides two hundred days of instruction may~~
41 ~~use section 15-902.02 for the purposes of this section.~~ Before the one
42 hundredth day or two hundredth day in session, as applicable, the state board
43 of education, the state board for charter schools, the sponsoring university,
44 the sponsoring community college district or the sponsoring group of
45 community college districts may require a charter school to report

1 periodically regarding pupil enrollment and attendance, and the department of
2 education may revise its computation of equalization assistance based on the
3 report. A charter school shall revise its student count, base support level
4 and additional assistance before May 15. A charter school that overestimated
5 its student count shall revise its budget before May 15. A charter school
6 that underestimated its student count may revise its budget before May 15.

7 3. A charter school may utilize section 15-855 for the purposes of
8 this section. The charter school and the department of education shall
9 prescribe procedures for determining ~~average daily attendance and~~ average
10 daily membership.

11 4. Equalization assistance for the charter school shall be determined
12 by adding the amount of the base support level and additional assistance.
13 The amount of the additional assistance is one thousand six hundred ~~seven~~
14 ~~dollars fifty~~ TWENTY-ONE DOLLARS NINETY-SEVEN cents per student count in
15 kindergarten programs and grades one through eight and one thousand eight
16 hundred ~~seventy three dollars fifty two~~ NINETY DOLLARS THIRTY-EIGHT cents per
17 student count in grades nine through twelve.

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

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

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

33 C. If a pupil is enrolled in both a charter school and a public school
34 that is not a charter school, the sum of the daily membership, which includes
35 enrollment as prescribed in section 15-901, subsection A, paragraph ~~2~~ 1,
36 subdivisions (a) and (b) and daily attendance as prescribed in section
37 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in the school district
38 and the charter school shall not exceed 1.0, except that if the pupil is
39 enrolled in both a charter school and a joint technical education district
40 and resides within the boundaries of a school district participating in the
41 joint technical education district, the sum of the average daily membership
42 for that pupil in the charter school and the joint technical education
43 district shall not exceed 1.25. If a pupil is enrolled in both a charter
44 school and a public school that is not a charter school, the department of
45 education shall direct the average daily membership to the school with the

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

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

- 30 1. Equalization assistance shall not be less than zero.
- 31 2. For a charter school sponsored by the state board of education, the
32 state board for charter schools, a university, a community college district
33 or a group of community college districts, the total of the base support
34 level and the additional assistance shall not be less than zero.
- 35 3. For a charter school sponsored by a school district, the base
36 support level for the school district shall not be reduced by more than the
37 amount that the charter school increased the district's base support level,
38 capital outlay revenue limit and soft capital allocation.

39 E. If a charter school was a district public school in the prior year
40 and is now being operated for or by the same school district and sponsored by
41 the state board of education, the state board for charter schools, a
42 university, a community college district, a group of community college
43 districts or a school district governing board, the reduction in subsection D
44 of this section applies. The reduction to the base support level of the
45 charter school or the sponsoring district of the charter school shall equal

1 the sum of the base support level and the additional assistance received in
2 the current year for those pupils who were enrolled in the traditional public
3 school in the prior year and are now enrolled in the charter school in the
4 current year.

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

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

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

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

1 by requesting the department of education to reduce the amount of state aid
2 that the charter school would otherwise receive by an amount equal to the
3 civil penalty. The amount of state aid withheld shall revert to the state
4 general fund at the end of the fiscal year.

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

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

17 L. Notwithstanding any other law, a university under the jurisdiction
18 of the Arizona board of regents, a community college district or a group of
19 community college districts shall not include any student in the student
20 count of the university, community college district or group of community
21 college districts for state funding purposes if that student is enrolled in
22 and attending a charter school sponsored by the university, community college
23 district or group of community college districts.

24 M. The governing body of a charter school shall transmit a copy of its
25 proposed budget or the summary of the proposed budget and a notice of the
26 public hearing to the department of education for posting on the department
27 of education's website no later than ten days before the hearing and meeting.
28 If the charter school maintains a website, the charter school governing body
29 shall post on its website a copy of its proposed budget or the summary of the
30 proposed budget and a notice of the public hearing.

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

35 O. For the purposes of this section:

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

42 2. "Operated for or by the same school district" means the charter
43 school is either governed by the same district governing board or operated by
44 the district in the same manner as other traditional schools in the district
45 or is operated by an independent party that has a contract with the school

1 district. The auditor general and the department of education shall
2 determine which charter schools meet the definition in this subsection.

3 Sec. 2. Repeal

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

6 Sec. 3. Section 15-236, Arizona Revised Statutes, is amended to read:

7 15-236. Special education programs; program and fiscal audits

8 ~~A. The department of education shall by December 1, 1981 and every two~~
9 ~~years thereafter complete a cost study of special education programs. Such~~
10 ~~study shall include, but is not limited to, the cost of providing special~~
11 ~~education programs to pupils prescribed by section 15-761.~~

12 ~~B.~~ A. The department of education shall conduct program and fiscal
13 audits of selected district special education programs. The audits shall be
14 designed to determine the degree of compliance with existing statutes and
15 regulations and the appropriate placement of students in special education
16 programs. A report of the findings of such audits shall be completed on or
17 before January 3 of each year. If the department of education determines
18 that a child has been inappropriately placed in a special education program
19 of a school district, the district's weighted student count for educational
20 support services for students in group B as provided in section 15-943 shall
21 be recomputed and the district's entitlement to state aid adjusted
22 accordingly.

23 ~~C.~~ B. For each fiscal year the department of education shall request
24 a separate line item appropriation for program and fiscal audits of special
25 education programs in the budget estimate submitted pursuant to section
26 35-113.

27 Sec. 4. Repeal

28 Section 15-249, Arizona Revised Statutes, is repealed.

29 Sec. 5. Title 15, chapter 2, article 2, Arizona Revised Statutes, is
30 amended by adding a new section 15-249, to read:

31 15-249. Department of education; education learning and
32 accountability system; reports; reviews

33 A. SUBJECT TO APPROPRIATION OF STATE MONIES, OR RECEIPT OF FEDERAL
34 MONIES, PRIVATE DONATIONS OR GRANTS FROM ANY LAWFUL PUBLIC OR PRIVATE SOURCE
35 FOR THIS PURPOSE, THE DEPARTMENT OF EDUCATION, IN COORDINATION WITH THE DATA
36 GOVERNANCE COMMISSION ESTABLISHED BY SECTION 15-249.01, SHALL DEVELOP AND
37 IMPLEMENT THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM TO COLLECT,
38 COMPILER, MAINTAIN AND REPORT STUDENT LEVEL DATA FOR STUDENTS ATTENDING PUBLIC
39 EDUCATIONAL INSTITUTIONS THAT PROVIDE INSTRUCTION TO PUPILS IN PRESCHOOL
40 PROGRAMS, KINDERGARTEN PROGRAMS, GRADES ONE THROUGH TWELVE AND POSTSECONDARY
41 EDUCATIONAL PROGRAMS IN THIS STATE.

42 B. THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM SHALL:

43 1. MAINTAIN LONGITUDINAL, STUDENT LEVEL DATA, INCLUDING STUDENT
44 DEMOGRAPHIC, GRADE LEVEL, ASSESSMENT, TEACHER ASSIGNMENT AND OTHER DATA
45 REQUIRED TO MEET STATE AND FEDERAL REPORTING REQUIREMENTS.

1 2. INCORPORATE THE STUDENT ACCOUNTABILITY INFORMATION SYSTEM
2 PRESCRIBED IN CHAPTER 9, ARTICLE 8 OF THIS TITLE.

3 3. BE ACCESSIBLE THROUGH COMMONLY USED INTERNET WEB BROWSERS TO CARRY
4 OUT THE DATA COLLECTION, COMPILATION AND REPORTING DUTIES PRESCRIBED IN THIS
5 TITLE.

6 C. THE DEPARTMENT OF EDUCATION MAY CONTRACT WITH A THIRD PARTY TO
7 CARRY OUT THE PURPOSES OF THIS SECTION.

8 D. THE DEPARTMENT OF EDUCATION, IN COORDINATION WITH THE DATA
9 GOVERNANCE COMMISSION, SHALL DEVELOP A DETAILED PLAN TO DEVELOP AND IMPLEMENT
10 THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM.

11 E. THE DEPARTMENT OF EDUCATION SHALL PRESENT THE PLAN DEVELOPED
12 PURSUANT TO SUBSECTION D OF THIS SECTION TO THE STATE BOARD OF EDUCATION FOR
13 REVIEW AND APPROVAL. THE DEPARTMENT OF EDUCATION SHALL CONTINUE TO PROVIDE
14 QUARTERLY REPORTS TO THE STATE BOARD OF EDUCATION, OR ON REQUEST, FOR REVIEW
15 AND APPROVAL OF THE STATE BOARD OF EDUCATION, ON THE DEVELOPMENT AND
16 IMPLEMENTATION OF THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM. ALL
17 REPORTS PROVIDED SHALL INCLUDE PROGRESS AND EXPENDITURES TO DATE, TIMELINES
18 AND COST ESTIMATES FOR COMPLETION.

19 F. ANY CONTRACT AWARDED PURSUANT TO SUBSECTION C OF THIS SECTION SHALL
20 ALLOW THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO RENEW THE CONTRACTS FOR TWO
21 SUBSEQUENT PERIODS OF NOT MORE THAN THREE YEARS EACH AND SHALL PRESCRIBE THE
22 CIRCUMSTANCES UNDER WHICH THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY
23 TERMINATE THE CONTRACTS. THE CONTRACTS SHALL ALLOW THIS STATE TO CANCEL ANY
24 CONTRACT AT ANY TIME AFTER THE FIRST YEAR OF OPERATION, WITHOUT PENALTY TO
25 THIS STATE, ON NINETY DAYS' WRITTEN NOTICE AND SHALL REQUIRE THE CONTRACTOR
26 TO BE IN COMPLIANCE AT ALL TIMES WITH STATE AND FEDERAL LAW.

27 G. ANY CONTRACT AWARDED PURSUANT TO SUBSECTION C OF THIS SECTION MAY
28 PROVIDE FOR ANNUAL CONTRACT PRICE OR COST ADJUSTMENTS, EXCEPT THAT ANY
29 ADJUSTMENTS MAY BE MADE ONLY ONCE EACH YEAR EFFECTIVE ON THE ANNIVERSARY OF
30 THE CONTRACT'S EFFECTIVE DATE. ANY ADJUSTMENT MADE PURSUANT TO THE TERMS OF
31 THE CONTRACT MUST BE APPLIED TO THE TOTAL PAYMENTS MADE TO THE CONTRACTOR FOR
32 THE PREVIOUS CONTRACT YEAR AND SHALL NOT EXCEED THE PERCENTAGE CHANGE IN THE
33 AVERAGE CONSUMER PRICE INDEX AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF
34 LABOR, BUREAU OF LABOR STATISTICS BETWEEN THAT FIGURE FOR THE LATEST CALENDAR
35 YEAR AND THE NEXT PREVIOUS CALENDAR YEAR. ANY PRICE OR COST ADJUSTMENTS THAT
36 ARE DIFFERENT THAN THOSE AUTHORIZED IN THIS SUBSECTION MAY BE MADE ONLY IF
37 THE LEGISLATURE SPECIFICALLY AUTHORIZES THE ADJUSTMENTS AND APPROPRIATES
38 MONIES FOR THAT PURPOSE, IF REQUIRED.

39 H. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOT AWARD A CONTRACT
40 PURSUANT TO THIS SECTION UNLESS:

41 1. THE SUPERINTENDENT OF PUBLIC INSTRUCTION RECEIVES AN ACCEPTABLE
42 PROPOSAL PURSUANT TO ANY REQUEST FOR PROPOSALS. FOR THE PURPOSES OF THIS
43 PARAGRAPH, "ACCEPTABLE PROPOSAL" MEANS A PROPOSAL THAT SUBSTANTIALLY MEETS
44 ALL OF THE REQUIREMENTS OR CONDITIONS PRESCRIBED IN THIS SECTION AND IN THE
45 REQUEST FOR PROPOSALS.

1 Sec. 7. Section 15-393, Arizona Revised Statutes, as amended by Laws
2 2010, chapter 285, section 1 and chapter 306, section 3, is amended to read:
3 15-393. Joint technical education district governing board:
4 report; definition

5 A. The management and control of the joint district are vested in the
6 joint technical education district governing board, including the content and
7 quality of the courses offered by the district, the quality of teachers who
8 provide instruction on behalf of the district, the salaries of teachers who
9 provide instruction on behalf of the district and the reimbursement of other
10 entities for the facilities used by the district. Unless the governing
11 boards of the school districts participating in the formation of the joint
12 district vote to implement an alternative election system as provided in
13 subsection B of this section, the joint board shall consist of five members
14 elected from five single member districts formed within the joint district.
15 The single member district election system shall be submitted as part of the
16 plan for the joint district pursuant to section 15-392 and shall be
17 established in the plan as follows:

18 1. The governing boards of the school districts participating in the
19 formation of the joint district shall define the boundaries of the single
20 member districts so that the single member districts are as nearly equal in
21 population as is practicable, except that if the joint district lies in part
22 in each of two or more counties, at least one single member district may be
23 entirely within each of the counties comprising the joint district if this
24 district design is consistent with the obligation to equalize the population
25 among single member districts.

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

29 3. A person who is a registered voter of this state and who is a
30 resident of the single member district is eligible for election to the office
31 of joint board member from the single member district. The terms of office
32 of the members of the joint board shall be as prescribed in section 15-427,
33 subsection B. An employee of a joint technical education district or the
34 spouse of an employee shall not hold membership on a governing board of a
35 joint technical education district by which the employee is employed. A
36 member of one school district governing board or joint technical education
37 district governing board is ineligible to be a candidate for nomination or
38 election to or serve simultaneously as a member of any other governing board,
39 except that a member of a governing board may be a candidate for nomination
40 or election for any other governing board if the member is serving in the
41 last year of a term of office. A member of a governing board shall resign
42 the member's seat on the governing board before becoming a candidate for
43 nomination or election to the governing board of any other school district or
44 joint technical education district, unless the member of the governing board
45 is serving in the last year of a term of office.

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

3 B. The governing boards of the school districts participating in the
4 formation of the joint district may vote to implement any other alternative
5 election system for the election of joint district board members. If an
6 alternative election system is selected, it shall be submitted as part of the
7 plan for the joint district pursuant to section 15-392, and the
8 implementation of the system shall be as approved by the United States
9 justice department.

10 C. The joint technical education district shall be subject to the
11 following provisions of this title:

12 1. Chapter 1, articles 1 through 6.

13 2. Sections 15-208, 15-210, 15-213 and 15-234.

14 3. Articles 2, 3 and 5 of this chapter.

15 4. Section 15-361.

16 5. Chapter 4, articles 1, 2 and 5.

17 6. Chapter 5, articles 1, 2 and 3.

18 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
19 and 15-730.

20 8. Chapter 7, article 5.

21 9. Chapter 8, articles 1, 3 and 4.

22 10. Sections 15-828 and 15-829.

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

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

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

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

28 D. Notwithstanding subsection C of this section, the following apply
29 to a joint technical education district:

30 1. A joint district may issue bonds for the purposes specified in
31 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
32 aggregate, including the existing indebtedness, not exceeding one per cent of
33 the taxable property used for secondary tax purposes, as determined pursuant
34 to title 42, chapter 15, article 1, within the joint technical education
35 district as ascertained by the last property tax assessment previous to
36 issuing the bonds.

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

39 3. If a career and technical education and vocational education course
40 or program provided pursuant to this article is provided in a facility owned
41 or operated by a school district in which a pupil is enrolled, including
42 satellite courses, the sum of the daily attendance, as provided in section
43 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in both the school
44 district and joint technical education district shall not exceed 1.25 and the
45 sum of the fractional student enrollment, as provided in section 15-901,

1 subsection A, paragraph ~~2~~ 1, subdivision (a), shall not exceed 1.25 for the
2 courses taken in the school district and the facility, including satellite
3 courses. The school district and the joint district shall determine the
4 apportionment of the daily attendance and fractional student enrollment for
5 that pupil between the school district and the joint district. Pupils in an
6 approved joint technical education district satellite program may generate an
7 average daily attendance for attendance hours during any hour of the day,
8 during any day of the week and at any time beginning July 1 through June 30
9 of each fiscal year.

10 4. The student count for the first year of operation of a joint
11 technical education district as provided in this article shall be determined
12 as follows:

13 (a) Determine the estimated student count for joint district classes
14 that will operate in the first year of operation. This estimate shall be
15 based on actual registration of pupils as of March 30 scheduled to attend
16 classes that will be operated by the joint district. The student count for
17 the district of residence of the pupils registered at the joint district
18 shall be adjusted. The adjustment shall cause the district of residence to
19 reduce the student count for the pupil to reflect the courses to be taken at
20 the joint district. The district of residence shall review and approve the
21 adjustment of its own student count as provided in this subdivision before
22 the pupils from the school district can be added to the student count of the
23 joint district.

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

26 (c) After the first one hundred days or two hundred days in session,
27 as applicable, for the first year of operation, the joint district shall
28 revise the student count to the actual student count for students attending
29 classes in the joint district. A joint district shall revise its student
30 count, the base support level as provided in section 15-943.02, the revenue
31 control limit as provided in section 15-944.01, the capital outlay revenue
32 limit and the soft capital allocation as provided in section 15-962.01 prior
33 to May 15. A joint district that overestimated its student count shall
34 revise its budget prior to May 15. A joint district that underestimated its
35 student count may revise its budget prior to May 15.

36 (d) After the first one hundred days or two hundred days in session,
37 as applicable, for the first year of operation, the district of residence
38 shall adjust its student count by reducing it to reflect the courses actually
39 taken at the joint district. The district of residence shall revise its
40 student count, the base support level as provided in section 15-943, the
41 revenue control limit as provided in section 15-944, the capital outlay
42 revenue limit as provided in section 15-961 and the soft capital allocation
43 as provided in section 15-962 prior to May 15. A district that
44 underestimated the student count for students attending the joint district
45 shall revise its budget prior to May 15. A district that overestimated the

1 student count for students attending the joint district may revise its budget
2 prior to May 15.

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

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

7 (g) Pupils in an approved joint technical education district
8 centralized program may generate an average daily attendance of 1.0 for
9 attendance hours during any hour of the day, during any day of the week and
10 at any time between July 1 and June 30 of each fiscal year.

11 For the purposes of this paragraph, "district of residence" means the
12 district that included the pupil in its average daily membership for the year
13 before the first year of operation of the joint district and that would have
14 included the pupil in its student count for the purposes of computing its
15 base support level for the fiscal year of the first year of operation of the
16 joint district if the pupil had not enrolled in the joint district.

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

20 (a) A student in a kindergarten program or in grades one through ~~eight~~
21 ~~NINE~~ who enrolls in courses offered by the joint technical education district
22 shall not be included in the joint district's ~~average daily attendance or~~
23 ~~STUDENT COUNT OR~~ average daily membership.

24 (b) A student in a kindergarten program or in grades one through ~~eight~~
25 ~~NINE~~ who is enrolled in vocational education courses shall not be funded in
26 whole or in part with monies provided by a joint technical education
27 district.

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

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

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

36 7. A joint district may use the excess utility costs provisions of
37 section 15-910 in the same manner as a school district for fiscal years
38 1999-2000 and 2000-2001, except that the base year shall be the first full
39 fiscal year of operations.

40 8. A joint district may use the carryforward provisions of section
41 15-943.01 retroactively to July 1, 1993.

42 9. A school district that is part of a joint district shall use any
43 monies received pursuant to this article to supplement and not supplant base
44 year career and technical education and vocational education courses, and
45 directly related equipment and facilities, except that a school district that

1 is part of a joint technical education district and that has used monies
2 received pursuant to this article to supplant career and ~~technological~~
3 TECHNICAL education and vocational education courses that were offered before
4 the first year that the school district participated in the joint district or
5 the first year that the school district used monies received pursuant to this
6 article or that used the monies for purposes other than for career and
7 ~~technological~~ TECHNICAL education and vocational education courses shall use
8 one hundred per cent of the monies received pursuant to this article to
9 supplement and not supplant base year career and technical education and
10 vocational education courses.

11 10. A joint technical education district shall use any monies received
12 pursuant to this article to enhance and not supplant career and technical
13 education and vocational education courses and directly related equipment and
14 facilities.

15 11. A joint technical education district or a school district that is
16 part of a joint district shall only include pupils in grades ~~nine~~ TEN through
17 twelve in the calculation of STUDENT COUNT OR average daily membership ~~or~~
18 ~~average daily attendance~~ if the pupils are enrolled in courses that are
19 approved jointly by the governing board of the joint technical education
20 district and each participating school district for satellite courses taught
21 within the participating school district, or approved solely by the joint
22 technical education district for centrally located courses. STUDENT COUNT
23 AND average daily membership ~~and average daily attendance~~ from courses that
24 are not part of an approved program for career and technical education shall
25 not be included in STUDENT COUNT AND average daily membership ~~and average~~
26 ~~daily attendance~~ of a joint technical education district. ~~A student in grade~~
27 ~~nine who enrolls in a career exploration course shall not be included in the~~
28 ~~joint district's average daily attendance or average daily membership.~~

29 E. The joint board shall appoint a superintendent as the executive
30 officer of the joint district.

31 F. Taxes may be levied for the support of the joint district as
32 prescribed in chapter 9, article 6 of this title, except that a joint
33 technical education district shall not levy a property tax pursuant to law
34 that exceeds five cents per one hundred dollars assessed valuation except for
35 bond monies pursuant to subsection D, paragraph 1 of this section. Except
36 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
37 from a levy of taxes on the taxable property used for secondary tax purposes.

38 G. The schools in the joint district are available to all persons who
39 reside in the joint district subject to the rules for admission prescribed by
40 the joint board.

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

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

4 J. One member of the joint board shall be selected chairman. The
5 chairman shall be selected annually on a rotation basis from among the
6 participating school districts. The chairman of the joint board shall be a
7 voting member.

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

11 L. Any agreement between the governing board of a joint technical
12 education district and another joint technical education district, a school
13 district, a charter school or a community college district shall be in the
14 form of an intergovernmental agreement or other written contract. The
15 auditor general shall modify the uniform system of financial records and
16 budget forms in accordance with this subsection. The intergovernmental
17 agreement or other written contract shall completely and accurately specify
18 each of the following:

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

21 2. The accountability provisions of the intergovernmental agreement or
22 other written contract.

23 3. The responsibilities of each joint technical education district,
24 each school district, each charter school and each community college district
25 that is a party to the intergovernmental agreement or other written contract.

26 4. The type of instruction that will be provided under the
27 intergovernmental agreement or other written contract, including
28 individualized education programs pursuant to section 15-763.

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

31 6. The transportation services that will be provided under the
32 intergovernmental agreement or other written contract and the manner in which
33 transportation costs will be paid.

34 7. The amount that the joint technical education district will
35 contribute to a course and the amount of support required by the school
36 district or the community college.

37 8. That the services provided by the joint technical education
38 district, the school district, the charter school or the community college
39 district be proportionally calculated in the cost of delivering the service.

40 9. That the payment for services shall not exceed the cost of the
41 services provided.

42 10. That any initial intergovernmental agreement or other written
43 contract and any addendums between the governing board of a joint technical
44 education district and another joint technical education district, a school
45 district, a charter school or a community college district be submitted by

1 the joint technical education district to the joint legislative budget
2 committee for review.

3 M. On or before December 31 of each year, each joint technical
4 education district shall submit a detailed report to the career and technical
5 education division of the department of education. The career and technical
6 education division of the department of education shall collect, summarize
7 and analyze the data submitted by the joint districts, shall submit an annual
8 report that summarizes the data submitted by the joint districts to the
9 governor, the speaker of the house of representatives, the president of the
10 senate and the state board of education and shall submit a copy of this
11 report to the secretary of state. The data submitted by each joint technical
12 education district shall include the following:

- 13 1. The average daily membership of the joint district.
- 14 2. The program listings and program descriptions of programs offered
15 by the joint district, including the course sequences for each program.
- 16 3. The costs associated with each program offered by the joint
17 district.
- 18 4. The completion rate for each program offered by the joint district.
19 For the purposes of this paragraph, "completion rate" means the completion
20 rate for students who are designated as concentrators in that program by the
21 department of education under the career and technology approved plan.
- 22 5. The graduation rate from the school district of residence of
23 students who have completed a program in the joint district.
- 24 6. A detailed description of the career opportunities available to
25 students after completion of the program offered by the joint district.
- 26 7. A detailed description of the career placement of students who have
27 completed the program offered by the joint district.
- 28 8. Any other data deemed necessary by the department of education to
29 carry out its duties under this subsection.

30 N. If the career and technical education division of the department of
31 education determines that a course does not meet the criteria for approval as
32 a joint technical education course, the governing board of the joint
33 technical education district may appeal this decision to the state board of
34 education acting as the state board of vocational education.

35 O. Notwithstanding any other law, the average daily membership of a
36 pupil **IN GRADE TEN, ELEVEN OR TWELVE** who is enrolled in a course that meets
37 for at least one hundred fifty minutes per class period at a centralized
38 campus owned and operated by a joint technical education district shall be
39 0.75. The sum of daily attendance, as provided in section 15-901, subsection
40 A, paragraph 6 and the sum of the fractional student enrollment, as provided
41 in section 15-901, subsection A, paragraph 2, subdivision (a), for that pupil
42 in both the member school district and joint technical education district
43 courses provided at a community college pursuant to subsection K of this
44 section or at a facility owned and operated by a joint technical education
45 district that is not located on a site of a member district shall not exceed

1 1.75. The member school district and the joint district shall determine the
2 apportionment of the daily attendance and student enrollment for that pupil
3 between the member school district and the joint district, except the amount
4 apportioned shall not exceed 1.0 for either entity.

5 P. For the purposes of this section, "base year" means the complete
6 school year in which voters of a school district elected to join a joint
7 technical education district.

8 Sec. 8. Repeal

9 Section 15-393, Arizona Revised Statutes, as amended by Laws 2010,
10 chapter 318, section 5, is repealed.

11 Sec. 9. Section 15-824, Arizona Revised Statutes, is amended to read:
12 15-824. Admission of pupils of other school districts; homeless
13 children; tuition charges; definitions

14 A. The governing board of a school district shall admit pupils from
15 another school district or area as follows:

16 1. Upon the presentation of a certificate of educational convenience
17 issued by the county school superintendent pursuant to section 15-825.

18 2. For three hundred fifty or fewer pupils, to a high school without
19 the presentation of such certificate, if the pupil is a resident of a common
20 school district within this state that is not within a high school district
21 and that does not offer instruction in the pupil's grade. The three hundred
22 fifty or fewer pupil limitation prescribed in this paragraph does not apply
23 to a small isolated school district as defined in section 15-901. Tuition
24 shall be charged as prescribed in subsection E of this section for each pupil
25 admitted pursuant to this paragraph, each pupil from a school district that
26 provides only financing for pupils who are instructed by another school
27 district and each pupil from a unified district that does not offer
28 instruction in the pupil's grade. The school membership of such pupils is
29 deemed, for the purpose of determining student count and for apportionment of
30 state aid, to be enrollment in the school district of the pupil's residence.

31 B. The residence of the person having legal custody of the pupil is
32 considered the residence of the pupil, except as provided in subsection C of
33 this section and in section 15-825, subsection B.

34 C. The current residence of a homeless pupil who does not reside with
35 the person having legal custody of the pupil is considered to be the
36 residence of the homeless pupil if the person having legal custody of the
37 pupil is a resident of the United States. For the purposes of this
38 subsection, "homeless pupil" means a pupil who has a primary residence that
39 is:

40 1. A supervised publicly or privately operated shelter designed to
41 provide temporary living accommodations.

42 2. An institution that provides a temporary residence for individuals
43 intended to be institutionalized.

44 3. A public or private place not designed for, or ordinarily used as,
45 a regular sleeping accommodation for human beings.

1 D. The school enrollment of a pupil who is a resident of this state or
2 who is admitted to a school district under section 15-823, subsection B, C or
3 E is deemed, for the purpose of determining student count and for
4 apportionment of state aid, to be enrollment in the school district of actual
5 attendance, except as provided in section 15-825, subsection A, paragraph 1
6 and subsection A, paragraph 2 of this section and except for pupils for whom
7 the superintendent of public instruction is charged tuition pursuant to
8 section 15-825, subsections B and D and section 15-976 or for whom another
9 school district is charged tuition as provided in subsections E and G of this
10 section.

11 E. If tuition is required to be charged for pupils attending school in
12 a school district other than that of their residence, the tuition shall be
13 determined and paid in the following manner:

14 1. The number of high school pupils for which tuition may be charged
15 to a common school district that is not within a high school district is
16 equal to the average daily membership in the district of attendance from the
17 common school district for the prior fiscal year, except that for the first
18 year in which a common school district not within a high school district
19 stops teaching high school subjects, the district of attendance may charge
20 tuition for the number of pupils which is equal to the average daily
21 membership for high school pupils in the common school district for the prior
22 fiscal year. This number may be adjusted if the common school district
23 increases its revenue control limit and district support level or recomputes
24 its revenue control limit as provided in section 15-948.

25 2. The tuition for pupils attending school in a school district other
26 than that of their residence, except pupils provided for by section 15-825,
27 subsections B and D and any pupils included in the definition of child with a
28 disability in section 15-761, shall not exceed the cost per student count of
29 the school district attended, as determined for the current school year.
30 Tuition for pupils included in the definition of child with a disability in
31 section 15-761 shall not exceed the actual cost of the school attended for
32 each pupil as determined for the current year. The school district of
33 attendance shall not include in the cost per student count a charge for
34 transportation if no transportation is provided, and the charge for
35 transportation shall not exceed the actual costs of providing transportation
36 for the pupils served, as prescribed in the uniform system of financial
37 records. The school district of attendance shall provide the school district
38 of residence with the final tuition charge for the current year and with an
39 estimate of the budget year's tuition charge by May 1 of the current year.
40 The school district of residence shall pay at least one-fourth of the total
41 amount of the estimated tuition by September 30, December 31 and March 31,
42 and it shall pay the remaining amount it owes after adjustments are made by
43 June 30.

44 3. Notwithstanding paragraph 2 of this subsection and subsection G of
45 this section, if two school districts enter into a voluntary agreement for

1 the payment of tuition, the agreement shall specify the method for computing
2 the tuition amount and the timing of the payments. The agreement shall not
3 be longer than five consecutive years. If two school districts enter into an
4 agreement and choose to renew the agreement, each renewal shall not be longer
5 than five consecutive years. The agreement shall specify that a parent or
6 legal guardian of a pupil affected by a tuition agreement entered pursuant to
7 this section or section 15-816.01 may choose not to send ~~their~~ THE pupil or
8 pupils to a school district or school that is a party to the agreement.

9 4. Tuition of pupils as provided in section 15-825, subsection D shall
10 not exceed the excess costs for group B children with disabilities ~~in the~~
11 ~~cost study prescribed in section 15-236~~ minus the amount generated by the
12 equalization base as determined in section 15-971, subsection A for these
13 pupils. A school district may submit to the superintendent of public
14 instruction a record of actual excess costs to educate a group B child with a
15 disability if the costs are higher than the calculated excess costs or if a
16 pupil has been placed in a private school for special education services.
17 The superintendent shall determine if the additional costs will be paid, and
18 if the costs are paid, whether the additional costs will be paid by the state
19 or the resident district.

20 5. The amount received representing contributions to capital outlay as
21 provided in subsection G, paragraph 1, subdivision (b) of this section shall
22 be applied to the capital outlay fund or the debt service fund of the school
23 district.

24 6. The amount received representing contributions to debt service as
25 provided in subsection G, paragraph 1, subdivisions (c) and (d) of this
26 section shall be applied to the debt service fund of the school district if
27 there is one. Otherwise such amount shall be credited to the capital outlay
28 fund of the school district.

29 F. A school district may submit to the superintendent of public
30 instruction a record of actual costs paid by the school district to educate a
31 pupil who qualifies for a certificate of educational convenience under
32 section 15-825, subsection B. If the actual costs for that pupil exceed the
33 costs per student count computed pursuant to subsection G of this section,
34 the superintendent of public instruction shall reimburse the school district
35 for these additional costs subject to legislative appropriation.

36 G. For the purposes of this section:

37 1. "Costs per student count" means the sum of the following for the
38 common or high school portion of the school district attended, whichever is
39 applicable to the pupil involved, as prescribed in the uniform system of
40 financial records:

41 (a) The actual school district expenditures for the regular education
42 program subsection of the maintenance and operation section of the budget
43 divided by the school district's student count for the common or high school
44 portion of the school district, whichever is applicable.

1 (b) The actual school district expenditures for the capital outlay
2 section of the budget as provided in sections 15-903 and 15-905 excluding
3 expenditures for transportation equipment and buildings if no transportation
4 is provided and expenditures for the acquisition of building sites, divided
5 by the school district's student count for the common or high school portion
6 of the school district, whichever is applicable.

7 (c) The actual school district expenditures for debt service divided
8 by the school district's student count for the common or high school portion
9 of the school district, whichever is applicable.

10 (d) The result obtained in subdivision (c) of this paragraph shall not
11 exceed:

12 (i) Seven hundred fifty dollars if the pupil's school district of
13 residence pays tuition for seven hundred fifty or fewer pupils to other
14 school districts or one hundred fifty dollars if the state pays tuition for
15 seven hundred fifty or fewer pupils to a school district pursuant to section
16 15-825, subsection D or section 15-976.

17 (ii) Eight hundred dollars if the pupil's school district of residence
18 pays tuition for one thousand or fewer, but more than seven hundred fifty,
19 pupils to other school districts or two hundred dollars if the state pays
20 tuition for one thousand or fewer, but more than seven hundred fifty, pupils
21 to a school district pursuant to section 15-825, subsection D or section
22 15-976.

23 (iii) The actual cost per student count if either the pupil's school
24 district of residence or the state pays tuition for more than one thousand
25 pupils to other school districts.

26 2. "Legal custody" means:

27 (a) Custody exercised by the natural or adoptive parents with whom a
28 pupil resides.

29 (b) Custody granted by order of a court of competent jurisdiction to a
30 person or persons with whom a pupil resides unless the primary purpose for
31 which custody was requested was to circumvent the payment of tuition as
32 provided in this section.

33 Sec. 10. Section 15-901, Arizona Revised Statutes, as amended by Laws
34 2010, seventh special session, chapter 8, section 2 and Laws 2010, second
35 regular session, chapter 220, section 2, chapter 306, section 6 and chapter
36 332, section 15, is amended to read:

37 15-901. Definitions

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

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

42 ~~2.~~ 1. "Average daily membership" means the total enrollment of
43 fractional students and full-time students, minus withdrawals, ~~of each school~~
44 ~~day through the first one hundred days or two hundred days in session, as~~
45 ~~applicable, for the current year~~ WHO ARE ENROLLED ON SEPTEMBER 15, NOVEMBER

1 15, JANUARY 15 AND MARCH 15, DIVIDED BY FOUR. Withdrawals include students
2 formally withdrawn from schools and students absent for ten consecutive
3 school days, except for excused absences ~~as~~ identified by the department of
4 education. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICTS AND CHARTER
5 SCHOOLS SHALL REPORT STUDENT ABSENCE DATA TO THE DEPARTMENT OF EDUCATION AT
6 LEAST ONCE EVERY SIXTY DAYS IN SESSION. For computation purposes, the
7 effective date of withdrawal shall be retroactive to the last day of actual
8 attendance of the student OR EXCUSED ABSENCE.

9 (a) "Fractional student" means:

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

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

1 PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.75 IF THE STUDENT IS ENROLLED IN AN
2 INSTRUCTIONAL PROGRAM OF THREE SUBJECTS THAT MEET AT LEAST FIVE HUNDRED
3 EIGHTY HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL
4 HOURS PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A
5 PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.5 IF THE STUDENT IS ENROLLED IN AN
6 INSTRUCTIONAL PROGRAM OF TWO SUBJECTS THAT MEET AT LEAST THREE HUNDRED SIXTY
7 HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS
8 PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A PART-TIME HIGH
9 SCHOOL STUDENT SHALL BE 0.25 IF THE STUDENT IS ENROLLED IN AN INSTRUCTIONAL
10 PROGRAM OF ONE SUBJECT THAT MEETS AT LEAST ONE HUNDRED EIGHTY HOURS FOR A ONE
11 HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS
12 SECTION.

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

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

1 twelve, but under fourteen, years of age by September 1 must be enrolled in
2 an instructional program that meets for ~~a total of at least one thousand~~
3 ~~thirty eight hours during the minimum number of days required in a school~~
4 ~~year as provided in section 15-341. In fiscal year 2001-2002, the program~~
5 ~~shall meet at least one thousand forty four hours. In fiscal year 2002-2003,~~
6 ~~the program shall meet at least one thousand fifty hours. In fiscal year~~
7 ~~2003-2004, the program shall meet at least one thousand fifty six hours. In~~
8 ~~fiscal year 2004-2005, the program shall meet at least one thousand sixty two~~
9 ~~hours. In fiscal years 2005-2006 through 2009-2010, the program shall meet~~
10 ~~at least one thousand sixty eight hours. In fiscal year 2010-2011 and each~~
11 ~~fiscal year thereafter, the program shall meet~~ at least one thousand hours.
12 Lunch periods and recess periods may not be included as part of the
13 instructional hours unless the student is a child with a disability and the
14 child's individualized education program requires instruction during those
15 periods and the specific reasons for such instruction are fully documented.

16 (ii) For high schools, except as provided in section 15-105, a student
17 not graduated from the highest grade taught in the school district, or an
18 ungraded student at least fourteen years of age by September 1, and enrolled
19 in at least ~~a full-time~~ AN instructional program of **FOUR OR MORE** subjects
20 that count toward graduation as defined by the state board of education, **THAT**
21 **MEETS FOR A TOTAL OF AT LEAST SEVEN HUNDRED TWENTY HOURS FOR A ONE HUNDRED**
22 **EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION**
23 in a recognized high school. A full-time student shall not be counted more
24 than once for computation of average daily membership. **THE AVERAGE DAILY**
25 **MEMBERSHIP OF A FULL-TIME HIGH SCHOOL STUDENT SHALL BE 1.0 IF THE STUDENT IS**
26 **ENROLLED IN AT LEAST FOUR SUBJECTS THAT MEET AT LEAST SEVEN HUNDRED TWENTY**
27 **HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE EQUIVALENT**
28 **INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION.**

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

32 (iv) Except as otherwise provided by law, for any student who is
33 concurrently enrolled in a school district and a charter school, the average
34 daily membership shall be apportioned between the school district and the
35 charter school and shall not exceed 1.0. The apportionment shall be based on
36 the percentage of total time that the student is enrolled in or in attendance
37 at the school district and the charter school.

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

1 in attendance at the school district and Arizona online instruction or the
2 charter school and Arizona online instruction.

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

5 ~~(c) "Full-time instructional program" means:~~

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

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

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

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

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

42 ~~(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an~~
43 ~~instructional program that meets at least a total of seven hundred twenty~~
44 ~~hours during the minimum number of days required and includes at least four~~
45 ~~subjects each of which, if taught each school day for the minimum number of~~

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

5 ~~3.~~ 2. "Budget year" means the fiscal year for which the school
6 district is budgeting and which immediately follows the current year.

7 ~~4.~~ 3. "Common school district" means a political subdivision of this
8 state offering instruction to students in programs for preschool children
9 with disabilities and kindergarten programs and either:

10 (a) Grades one through eight.

11 (b) Grades one through nine pursuant to section 15-447.01.

12 ~~5.~~ 4. "Current year" means the fiscal year in which a school district
13 is operating.

14 ~~6.~~ 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

6 (c) For common schools, the attendance of a preschool child with
7 disabilities shall be counted as one-fourth day's attendance for each
8 thirty-six minutes of attendance not including lunch periods and recess
9 periods, except as provided in paragraph ~~2~~ 1, subdivision (a), item (i) of
10 this subsection for children with disabilities up to a maximum of three
11 hundred sixty minutes each week.

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

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

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

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

37 ~~7.~~ 6. "Daily route mileage" means the sum of:

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

42 (b) The total number of miles driven daily on routes approved by the
43 superintendent of public instruction for which a private party, a political
44 subdivision or a common or a contract carrier is reimbursed for bringing an
45 eligible student from the place of his residence to a school transportation

1 pickup point or to the school of attendance and from the school
2 transportation scheduled return point or from the school of attendance to his
3 residence. Daily route mileage includes the total number of miles necessary
4 to drive to transport eligible students from and to their residence as
5 provided in this paragraph.

6 ~~8-~~ 7. "District support level" means the base support level plus the
7 transportation support level.

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

9 (a) Students who are transported by or for a school district and who
10 qualify as full-time students or fractional students, except students for
11 whom transportation is paid by another school district or a county school
12 superintendent, and:

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

21 (ii) For high school students, whose place of actual residence within
22 the school district is more than one and one-half miles from the school
23 facility of attendance or students who are admitted pursuant to section
24 15-816.01 and who meet the economic eligibility requirements established
25 under the national school lunch and child nutrition acts (42 United States
26 Code sections 1751 through 1785) for free or reduced price lunches and whose
27 actual place of residence outside the school district boundaries is more than
28 one and one-half miles from the school facility of attendance.

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

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

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

41 ~~10-~~ 9. "Enrolled" or "enrollment" means when a pupil is currently
42 registered in the school district.

43 ~~11-~~ 10. "GDP price deflator" means the average of the four implicit
44 price deflators for the gross domestic product reported by the United States
45 department of commerce for the four quarters of the calendar year.

- 1 ~~12.~~ 11. "High school district" means a political subdivision of this
2 state offering instruction to students for grades nine through twelve or that
3 portion of the budget of a common school district which is allocated to
4 teaching high school subjects with permission of the state board of
5 education.
- 6 ~~13.~~ 12. "Revenue control limit" means the base revenue control limit
7 plus the transportation revenue control limit.
- 8 ~~14.~~ 13. "Student count" means average daily membership as prescribed
9 in this subsection for the fiscal year prior to the current year, except that
10 for the purpose of budget preparation student count means average daily
11 membership as prescribed in this subsection for the current year.
- 12 ~~15.~~ 14. "Submit electronically" means submitted in a format and in a
13 manner prescribed by the department of education.
- 14 ~~16.~~ 15. "Total bus mileage" means the total number of miles driven by
15 all buses of a school district during the school year.
- 16 ~~17.~~ 16. "Total students transported" means all eligible students
17 transported from their place of residence to a school transportation pickup
18 point or to the school of attendance and from the school of attendance or
19 from the school transportation scheduled return point to their place of
20 residence.
- 21 ~~18.~~ 17. "Unified school district" means a political subdivision of the
22 state offering instruction to students in programs for preschool children
23 with disabilities and kindergarten programs and grades one through twelve.
- 24 B. In this title, unless the context otherwise requires:
- 25 1. "Base" means the revenue level per student count specified by the
26 legislature.
- 27 2. "Base level" means the following amounts plus the percentage
28 increases to the base level as provided in sections 15-902.02, 15-918.04,
29 15-919.04 and 15-952, except that if a school district or charter school is
30 eligible for an increase in the base level as provided in two or more of
31 these sections, the base level amount shall be calculated by compounding
32 rather than adding the sum of one plus the percentage of the increase from
33 those different sections:
- 34 (a) For fiscal year 2007-2008, three thousand two hundred twenty-six
35 dollars eighty-eight cents.
- 36 (b) For fiscal year 2008-2009, three thousand two hundred ninety-one
37 dollars forty-two cents.
- 38 (c) For fiscal years 2009-2010, ~~and~~ 2010-2011 **AND 2011-2012**, three
39 thousand two hundred sixty-seven dollars seventy-two cents.
- 40 3. "Base revenue control limit" means the base revenue control limit
41 computed as provided in section 15-944.
- 42 4. "Base support level" means the base support level as provided in
43 section 15-943.
- 44 5. "Certified teacher" means a person who is certified as a teacher
45 pursuant to the rules adopted by the state board of education, who renders

1 direct and personal services to school children in the form of instruction
2 related to the school district's educational course of study and who is paid
3 from the maintenance and operation section of the budget.

4 6. "DD" means programs for children with developmental delays who are
5 at least three years of age but under ten years of age. A preschool child
6 who is categorized under this paragraph is not eligible to receive funding
7 pursuant to section 15-943, paragraph 2, subdivision (b).

8 7. "ED, MIMR, SLD, SLI and OHI" means programs for children with
9 emotional disabilities, mild mental retardation, a specific learning
10 disability, a speech/language impairment and other health impairments. A
11 preschool child who is categorized as SLI under this paragraph is not
12 eligible to receive funding pursuant to section 15-943, paragraph 2,
13 subdivision (b).

14 8. "ED-P" means programs for children with emotional disabilities who
15 are enrolled in private special education programs as prescribed in section
16 15-765, subsection D, paragraph 1 or in an intensive school district program
17 as provided in section 15-765, subsection D, paragraph 2.

18 9. "ELL" means English learners who do not speak English or whose
19 native language is not English, who are not currently able to perform
20 ordinary classroom work in English and who are enrolled in an English
21 language education program pursuant to sections 15-751, 15-752 and 15-753.

22 10. "Full-time equivalent certified teacher" or "FTE certified teacher"
23 means for a certified teacher the following:

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

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

29 11. "Group A" means educational programs for career exploration, a
30 specific learning disability, an emotional disability, mild mental
31 retardation, remedial education, a speech/language impairment, developmental
32 delay, homebound, bilingual, other health impairments and gifted pupils.

33 12. "Group B" means educational improvements for pupils in kindergarten
34 programs and grades one through three, educational programs for autism, a
35 hearing impairment, moderate mental retardation, multiple disabilities,
36 multiple disabilities with severe sensory impairment, orthopedic impairments,
37 preschool severe delay, severe mental retardation and emotional disabilities
38 for school age pupils enrolled in private special education programs or in
39 school district programs for children with severe disabilities or visual
40 impairment and English learners enrolled in a program to promote English
41 language proficiency pursuant to section 15-752.

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

43 14. "Homebound" or "hospitalized" means a pupil who is capable of
44 profiting from academic instruction but is unable to attend school due to
45 illness, disease, accident or other health conditions, who has been examined

1 by a competent medical doctor and who is certified by that doctor as being
2 unable to attend regular classes for a period of not less than three school
3 months or a pupil who is capable of profiting from academic instruction but
4 is unable to attend school regularly due to chronic or acute health problems,
5 who has been examined by a competent medical doctor and who is certified by
6 that doctor as being unable to attend regular classes for intermittent
7 periods of time totaling three school months during a school year. The
8 medical certification shall state the general medical condition, such as
9 illness, disease or chronic health condition, that is the reason that the
10 pupil is unable to attend school. Homebound or hospitalized includes a
11 student who is unable to attend school for a period of less than three months
12 due to a pregnancy if a competent medical doctor, after an examination,
13 certifies that the student is unable to attend regular classes due to risk to
14 the pregnancy or to the student's health.

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

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

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

20 18. "MDSSI" means a program for pupils with multiple disabilities with
21 severe sensory impairment.

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

23 20. "OI-R" means a resource program for pupils with orthopedic
24 impairments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 Sec. 11. Repeal

18 Section 15-901, Arizona Revised Statutes, as amended by Laws 2010,
19 chapter 318, section 12, is repealed.

20 Sec. 12. Section 15-910.02, Arizona Revised Statutes, is amended to
21 read:

22 15-910.02. Energy and water savings accounts

23 A. Each school district may establish an energy and water savings
24 account that consists of a designated pool of capital investment monies to
25 fund energy or water saving projects in school facilities. A school district
26 may deposit in the account monies from one or more companies that provide
27 utility, energy or water services to the school district pursuant to
28 contracts that are executed between the companies and the school district and
29 that are designed to save energy or water in school facilities. A school
30 district may use monies in the energy and water savings account for payments
31 under a performance contract entered into pursuant to section 15-213 or
32 15-213.01.

33 B. The auditor general and the department of education shall prescribe
34 the appropriate designation of the energy and water savings accounts in the
35 uniform system of financial records and shall prescribe reporting
36 requirements on the appropriate budget forms and annual financial report
37 forms.

38 C. Monies deposited in an energy and water savings account shall be
39 used as a designated pool of capital investment monies to pay for the
40 incremental cost of energy or water savings measures in school facilities
41 that are owned or operated by the school district. Any contract entered into
42 pursuant to this section shall contain an agreement between the qualified
43 provider or utility, energy or water services company and the school district
44 that each party has performed a reasonable investigation to determine that
45 the measures contemplated by the contract will result in stated energy or

1 water savings. Contract terms may extend the period of the capital
2 investment repayment schedule prescribed in subsection G of this section up
3 to the expected life of the energy or water savings measures, or twenty-five
4 years, whichever is shorter.

5 D. Expenditures from an energy and water savings account shall be used
6 only for the following:

7 1. Projects or measures pursuant to a contract pursuant to this
8 section that save energy or water in school facilities that are owned or
9 operated by the school district. Monies may be used pursuant to this
10 paragraph to provide technical assistance regarding energy or water savings
11 to school districts by a qualified provider or a utility, energy or water
12 services company.

13 2. The repayment to the qualified provider or utility, energy or water
14 services company of capital investment monies deposited in the account plus
15 reasonable carrying charges pursuant to the terms of the contract.
16 Reasonable carrying charges for investor owned utilities will be the most
17 recent authorized rate of return approved by the Arizona corporation
18 commission.

19 E. School districts shall procure energy or water savings measures or
20 services with monies distributed from the energy and water savings accounts.

21 F. Before the implementation of the energy or water savings measures
22 or services, the qualified provider or utility, energy or water services
23 company shall compute, and the school district shall review and approve, the
24 estimated amount of the energy or water savings and the associated impact on
25 energy or water costs to be achieved by the school district on an annual and
26 monthly basis over the expected life of the measures and shall include these
27 estimates in the contract. The qualified provider or utility, energy or
28 water services company and the school district shall update the annual and
29 monthly energy or water savings and associated cost impact estimates annually
30 based on actual experience.

31 G. Before the implementation of the energy or water savings measures
32 or services, the qualified provider or utility, energy or water services
33 company and the school district shall jointly develop a schedule of monthly
34 payments for repayment of the capital investment monies to the qualified
35 provider or utility, energy or water services company. The repayment
36 schedule shall result in lower energy or water costs, which shall include the
37 cost of the installed energy or water savings measures for the school
38 district over the life of the installed measures that the school district
39 would have experienced without the installation of the measures. The
40 repayment schedule shall be included in the contract.

41 H. The school district shall transfer on a monthly basis the amount of
42 the monthly payment prescribed pursuant to subsection G of this section to
43 the energy and water savings account from the maintenance and operation
44 portion of the school district's budget to repay any unpaid balance of the
45 capital investment previously deposited in the energy and water savings

1 account from the qualified provider or utility, energy or water services
2 company plus a reasonable carrying charge. For the period of time that the
3 company's capital investment monies and reasonable carrying charge remain
4 unpaid, the qualified provider or utility, energy or water services company
5 shall provide a separate billing or billing component to repay the capital
6 investment on a monthly basis, pursuant to the repayment schedule prescribed
7 pursuant to subsection G of this section, which shall be paid by the school
8 district from the energy and water savings account. The school district's
9 general budget limit shall be reduced by the amount of monies transferred to
10 the energy and water savings account pursuant to this section.

11 I. After the balance of the qualified provider or utility, energy or
12 water services company's capital investment monies deposited in the energy
13 and water savings account plus a reasonable carrying charge are repaid in
14 full by the school district, the school district may discontinue the deposit
15 in the energy and water savings account of amounts that are prescribed in
16 subsection H of this section.

17 J. Any monies associated with an energy or water savings project
18 remaining in the energy and water savings account after the capital
19 investment monies of the qualified provider or utility, energy or water
20 services company plus a reasonable carrying charge are repaid in full may be
21 transferred to the maintenance and operation portion of the school district's
22 budget, and the general budget limit may be increased by the amount
23 transferred.

24 K. School districts may deposit energy-related rebate or grant monies
25 in the energy and water savings account to assist in funding energy or water
26 savings projects. These rebate or grant monies shall be used to reduce the
27 total cost of energy or water savings projects and to reduce the amount of
28 capital investment monies received from and repaid to utility, energy or
29 water services companies. School districts are not required to repay the
30 rebate or grant monies in the manner described in subsection H of this
31 section, pursuant to the agreements with the providers of rebate or grant
32 funds.

33 L. School districts shall not use or deposit any excess utilities
34 monies budgeted pursuant to section 15-910 ~~or 15-910.04~~ in the energy and
35 water savings account.

36 M. School districts may deposit monies from other funding sources,
37 including from clean renewable energy bonds and the American recovery and
38 reinvestment act of 2009 funding, in the energy and water savings account to
39 fund energy or water saving projects in school facilities. These monies
40 shall be repaid in a manner consistent with this section and pursuant to the
41 contract between the school district and the provider of the funding.

42 N. This section does not impose an obligation on any energy utility,
43 water utility, public service corporation or agricultural improvement
44 district to invest monies or contract with any school district.

1 0. For all projects carried out under this section, the district shall
 2 report to the school facilities board:

- 3 1. The name of the project.
- 4 2. The qualified provider.
- 5 3. The total cost of the project.
- 6 4. The expected energy and cost savings.

7 P. For all projects carried out under this section, the district shall
 8 report to the school facilities board, by October 15 each year, the actual
 9 energy and cost savings.

10 Sec. 13. Repeal
 11 Section 15-910.04, Arizona Revised Statutes, is repealed.

12 Sec. 14. Delayed repeal

13 Sections 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05,
 14 15-919, 15-919.02, 15-919.03, 15-919.04, 15-919.05 and 15-919.06, Arizona
 15 Revised Statutes, are repealed from and after June 30, 2015.

16 Sec. 15. Section 15-943, Arizona Revised Statutes, is amended to read:
 17 15-943. Base support level

18 The base support level for each school district shall be computed as
 19 follows:

20 1. The following support level weights shall be used in paragraph 2,
 21 subdivision (a) of this section for the following school districts:

22 (a) For school districts whose student count in kindergarten programs
 23 and grades one through eight is classified in column 1 of this subdivision,
 24 the support level weight for kindergarten programs and grades one through
 25 eight is the corresponding support level weight prescribed in column 2 or 3
 26 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated	Support Level Weight For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.559	1.399
100-499	1.358 + [0.0005 x (500 - student count)]	1.278 + [0.0003 x (500 - student count)]
500-599	1.158 + [0.002 x (600 - student count)]	1.158 + [0.0012 x (600 - student count)]

36 (b) For school districts whose student count in grades nine through
 37 twelve is classified in column 1 of this subdivision, the support level
 38 weight for grades nine through twelve is the corresponding support level
 39 weight prescribed in column 2 or 3 of this subdivision, whichever is
 40 appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated	Support Level Weight For Small

1	<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
2	1-99	1.669	1.559
3	100-499	1.468 + [0.0005 x (500	1.398 + [0.0004 x (500
4		- student count)]	- student count)]
5	500-599	1.268 + [0.002 x (600	1.268 + [0.0013 x (600
6		- student count)]	- student count)]

7 2. Subject to paragraph 1 of this section, determine the weighted
 8 student count as follows:

9 (a)

10				Support				Weighted
11				Level		Student		Student
12	<u>Grade Base</u>		<u>Group A</u>	<u>Weight</u>		<u>Count</u>		<u>Count</u>
13	PSD	1.000	+	0.450	=	1.450	x	_____
14	K-8	1.000	+	0.158	=	1.158	x	_____
15	9-12	1.163	+	0.105	=	1.268	x	_____
16						Subtotal	A	_____

17 (b)

18				Support				Weighted
19	<u>Funding</u>			Level		Student		Student
20	<u>Category</u>			<u>Weight</u>		<u>Count</u>		<u>Count</u>
21	HI			4.771	x	_____	=	_____
22	K-3			0.060	x	_____	=	_____
23	ELL			0.115	x	_____	=	_____
24	MD-R, A-R and							
25	SMR-R			6.024	x	_____	=	_____
26	MD-SC, A-SC and							
27	SMR-SC			5.833	x	_____	=	_____
28	MD-SSI			7.947	x	_____	=	_____
29	OI-R			3.158	x	_____	=	_____
30	OI-SC			6.773	x	_____	=	_____
31	P-SD			3.595	x	_____	=	_____
32	DD, ED, MIMR, SLD,							
33	SLI and OHI			0.003	x	_____	=	_____
34	ED-P			4.822	x	_____	=	_____
35	MOMR			4.421	x	_____	=	_____
36	VI			4.806	x	_____	=	_____
37						Subtotal	B	_____

38 (c) Total of subtotals A and B: _____

39 3. Multiply the total determined in paragraph 2 of this section by the
 40 base level.

41 4. Multiply the teacher experience index of the district or 1.00,
 42 whichever is greater, by the product obtained in paragraph 3 of this section.

43 ~~5. Add the amount determined in section 15-910.04.~~

1 Sec. 16. Section 15-944, Arizona Revised Statutes, is amended to read:
2 15-944. Base revenue control limit
3 A. The base revenue control limit for each school district for fiscal
4 year 1980-1981 is computed as follows:
5 1. Add the amounts in the fiscal year 1979-1980 budget effective May
6 15, 1980 for general operating and special education.
7 2. Subtract the following budgeted revenues from the sum obtained in
8 paragraph 1 of this subsection:
9 (a) Tuition paid for attendance of nonresident pupils.
10 (b) State assistance as provided in section 15-976.
11 (c) Special education revenues as provided in section 15-825,
12 subsection D and section 15-1204.
13 (d) Proceeds from the sale or lease of school property as provided in
14 section 15-1102.
15 3. Add the increase in the base support level from fiscal year
16 1979-1980 to fiscal year 1980-1981 to the difference obtained in paragraph 2
17 of this subsection.
18 B. The equalization factor for each school district is computed as
19 follows:
20 1. Divide the sum obtained in subsection A, paragraph 3 of this
21 section by the base support level for fiscal year 1980-1981.
22 2. Subtract 1.0 from the quotient obtained in paragraph 1 of this
23 subsection to obtain the equalization factor.
24 C. The revenue variation factor for each fiscal year is as follows:
25 1. For fiscal year 1981-1982, 0.80.
26 2. For fiscal year 1982-1983, 0.60.
27 3. For fiscal year 1983-1984, 0.40.
28 4. For fiscal year 1984-1985, 0.20.
29 D. The base revenue control limit for each school district during the
30 five years in which the equalization plan is in operation is computed as
31 follows:
32 1. Multiply the equalization factor by the revenue variation factor
33 for the applicable year. Beginning with fiscal year 1983-1984 if the
34 resulting product is less than negative 0.08, use negative 0.08 for
35 computation purposes as provided in paragraph 2 of this subsection.
36 2. Multiply the product obtained in paragraph 1 of this subsection by
37 the base support level for the applicable year.
38 3. Add the base support level for the applicable year to the product
39 obtained in paragraph 2 of this subsection.
40 E. For fiscal year 1985-1986 and each fiscal year thereafter, the base
41 revenue control limit equals the base support level for the same fiscal year
42 ~~and the amount determined in section 15-910.04.~~

1 Sec. 17. Section 15-945, Arizona Revised Statutes, is amended to read:
 2 15-945. Transportation support level

3 A. The support level for to and from school for each school district
 4 for the current year shall be computed as follows:

5 1. Determine the approved daily route mileage of the school district
 6 for the fiscal year prior to the current year.

7 2. Multiply the figure obtained in paragraph 1 of this subsection by
 8 one hundred eighty.

9 3. Determine the number of eligible students transported in the fiscal
 10 year prior to the current year.

11 4. Divide the amount determined in paragraph 1 of this subsection by
 12 the amount determined in paragraph 3 of this subsection to determine the
 13 approved daily route mileage per eligible student transported.

14 5. Determine the classification in column 1 of this paragraph for the
 15 quotient determined in paragraph 4 of this subsection. Multiply the product
 16 obtained in paragraph 2 of this subsection by the corresponding state support
 17 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
19 Approved Daily Route	State Support Level per
20 Mileage per Eligible	Route Mile for
21 <u>Student Transported</u>	Fiscal Year 2010-2011 2011-2012
22 0.5 or less	\$2.35 2.37
23 More than 0.5 through 1.0	\$1.91 1.93
24 More than 1.0	\$2.35 2.37

25 6. Add the amount spent during the prior fiscal year for bus tokens
 26 and bus passes for students who qualify as eligible students as defined in
 27 section 15-901.

28 B. The support level for academic education, career and technical
 29 education, vocational education and athletic trips for each school district
 30 for the current year is computed as follows:

31 1. Determine the classification in column 1 of paragraph 2 of this
 32 subsection for the quotient determined in subsection A, paragraph 4 of this
 33 section.

34 2. Multiply the product obtained in subsection A, paragraph 5 of this
 35 section by the corresponding state support level for academic education,
 36 career and technical education, vocational education and athletic trips as
 37 provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for
 38 the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
40 Approved Daily Route			
41 Mileage per Eligible	District Type	District Type	District Type
42 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
43 0.5 or less	0.15	0.10	0.25
44 More than 0.5 through 1.0	0.15	0.10	0.25
45 More than 1.0	0.18	0.12	0.30

1 For the purposes of this paragraph, "district type 02" means a unified school
2 district or an accommodation school that offers instruction in grades nine
3 through twelve, "district type 03" means a common school district not within
4 a high school district, "district type 04" means a common school district
5 within a high school district or an accommodation school that does not offer
6 instruction in grades nine through twelve and "district type 05" means a high
7 school district.

8 C. The support level for extended school year services for pupils with
9 disabilities is computed as follows:

10 1. Determine the sum of the following:

11 (a) The total number of miles driven by all buses of a school district
12 while transporting eligible pupils with disabilities on scheduled routes from
13 their residence to the school of attendance and from the school of attendance
14 to their residence on routes for extended school year services in accordance
15 with section 15-881.

16 (b) The total number of miles driven on routes approved by the
17 superintendent of public instruction for which a private party, a political
18 subdivision or a common or a contract carrier is reimbursed for bringing an
19 eligible pupil with a disability from the place of the pupil's residence to a
20 school transportation pickup point or to the school facility of attendance
21 and from the school transportation scheduled return point or from the school
22 facility to the pupil's residence for extended school year services in
23 accordance with section 15-881.

24 2. Multiply the sum determined in paragraph 1 of this subsection by
25 the state support level for the district determined as provided in subsection
26 A, paragraph 5 of this section.

27 D. The transportation support level for each school district for the
28 current year is the sum of the support level for to and from school as
29 determined in subsection A of this section, the support level for academic
30 education, career and technical education, vocational education and athletic
31 trips as determined in subsection B of this section and the support level for
32 extended school year services for pupils with disabilities as determined in
33 subsection C of this section.

34 E. The state support level for each approved route mile, as provided
35 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
36 rate prescribed by law, subject to appropriation.

37 Sec. 18. Section 15-947, Arizona Revised Statutes, is amended to read:

38 15-947. Revenue control limit; district support level; general
39 budget limit; unrestricted total capital budget
40 limit; soft capital allocation limit

41 A. The revenue control limit for a school district is equal to the sum
42 of the base revenue control limit determined in section 15-944, ~~the amount~~
43 ~~determined in section 15-910.04~~ and the transportation revenue control limit
44 determined in section 15-946.

1 B. The district support level for a school district is equal to the
2 sum of the base support level determined in section 15-943 and the
3 transportation support level determined in section 15-945.

4 C. The general budget limit for each school district, for each fiscal
5 year, is the sum of the following:

6 1. The maintenance and operations portion of the revenue control limit
7 for the budget year.

8 2. The maintenance and operation portion of the following amounts:

9 (a) Amounts that are fully funded by revenues other than a levy of
10 taxes upon the taxable property within the school district, as listed below:

11 (i) Amounts budgeted as the budget balance carryforward as provided in
12 section 15-943.01.

13 (ii) Tuition revenues for attendance of nonresident pupils.

14 (iii) State assistance as provided in section 15-976.

15 (iv) Special education revenues as provided in section 15-825,
16 subsection D and section 15-1204.

17 (v) Title VIII of the elementary and secondary education act of 1965
18 assistance determined for children with disabilities, children with specific
19 learning disabilities, children residing on Indian lands and children
20 residing within the boundaries of an accommodation school that is located on
21 a military reservation and that is classified as a heavily impacted local
22 educational agency pursuant to 20 United States Code section 7703 as provided
23 in section 15-905, subsections K and O.

24 (vi) Title VIII of the elementary and secondary education act of 1965
25 administrative costs as provided in section 15-905, subsection P.

26 (vii) State assistance for excess tuition as provided in section
27 15-825.01.

28 (viii) Amounts received from the state board of education pursuant to
29 section 15-973.01.

30 (ix) Transportation revenues for attendance of nonresident pupils.

31 (b) Amounts approved pursuant to an override election as provided in
32 section 15-481 for the applicable fiscal year.

33 (c) Expenditures for excess utility costs as provided in section
34 15-910.

35 (d) Amounts authorized by the county school superintendent pursuant to
36 section 15-974, subsection B.

37 (e) Expenditures for complying with a court order of desegregation as
38 provided in section 15-910.

39 (f) Expenditures for the bond issues portion of the cost of tuition as
40 provided in section 15-910.

41 (g) Interest on registered warrants or tax anticipation notes as
42 provided in section 15-910.

43 (h) Amounts budgeted for a jointly owned and operated career and
44 technical education and vocational education center as provided in section
45 15-910.01.

1 5. Expenditures for excess utility costs as provided in section
2 15-910.

3 C. The unrestricted capital budget limit for each joint technical
4 education district for the budget year is as provided in section 15-947,
5 subsection D.

6 D. The soft capital allocation limit for each joint technical
7 education district for the budget year is as provided in section 15-947,
8 subsection E.

9 Sec. 20. Section 15-977, Arizona Revised Statutes, is amended to read:
10 15-977. Classroom site fund; definitions

11 A. The classroom site fund is established consisting of monies
12 transferred to the fund pursuant to section 37-521, subsection B and section
13 42-5029, subsection E, paragraph 10. The department of education shall
14 administer the fund. School districts and charter schools may not supplant
15 existing school site funding with revenues from the fund. All monies
16 distributed from the fund are intended for use at the school site. Each
17 school district or charter school shall allocate forty per cent of the monies
18 for teacher compensation increases based on performance and employment
19 related expenses, twenty per cent of the monies for teacher base salary
20 increases and employment related expenses and forty per cent of the monies
21 for maintenance and operation purposes as prescribed in subsection H of this
22 section. Teacher compensation increases based on performance or teacher base
23 salary increases distributed pursuant to this subsection shall supplement,
24 and not supplant, teacher compensation monies from any other sources. The
25 school district or charter school shall notify each school principal of the
26 amount available to the school by April 15 of each year. The district or
27 charter school shall request from the school's principal each school's
28 priority for the allocation of the funds available to the school for each
29 program listed under subsection H of this section. The amount budgeted by
30 the school district or charter school pursuant to this section shall not be
31 included in the allowable budget balance carryforward calculated pursuant to
32 section 15-943.01.

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

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

- 38 1. School district performance and school performance.
- 39 2. Measures of academic progress toward the academic standards adopted
40 by the state board of education.
- 41 3. Other measures of academic progress.
- 42 4. Dropout or graduation rates.
- 43 5. Attendance rates.
- 44 6. Ratings of school quality by parents.
- 45 7. Ratings of school quality by students.

1 8. The input of teachers and administrators.

2 9. Approval of the performance based compensation system based on an
3 affirmative vote of at least seventy per cent of the teachers eligible to
4 participate in the performance based compensation system.

5 10. An appeals process for teachers who have been denied performance
6 based compensation.

7 11. Regular evaluation for effectiveness.

8 D. A performance based compensation system shall include teacher
9 professional development programs that are aligned with the elements of the
10 performance based compensation system.

11 E. A school district governing board may modify the elements contained
12 in subsection C of this section and consider additional elements when
13 adopting a performance based compensation system. A school district
14 governing board shall adopt any modifications or additional elements and
15 specify the criteria used at a public hearing.

16 F. Until December 31, 2009, each school district shall develop an
17 assessment plan for its performance based compensation system and submit the
18 plan to the department of education by December 31 of each year. A copy of
19 the performance based compensation system and assessment plan adopted by the
20 school district governing board shall be included in the report submitted to
21 the department of education.

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

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

31 2. The allocation to each charter school and school district for a
32 fiscal year shall equal the per pupil amount established in paragraph 1 of
33 this subsection for the fiscal year multiplied by the weighted student count
34 for the school district or charter school for the fiscal year pursuant to
35 section 15-943, paragraph 2, subdivision (a). For the purposes of this
36 paragraph, the weighted student count for a school district that serves as
37 the district of attendance for nonresident pupils shall be increased to
38 include nonresident pupils who attend school in the school district.

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

44 ~~(a) For stage one, one per cent.~~

45 ~~(b) For stage two, two per cent.~~

1 ~~(c) For stage three, three per cent.~~

2 ~~(d) For stage four, four per cent.~~

3 ~~(e) For stage five, five per cent.~~

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

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

- 7 1. Class size reduction.
- 8 2. Teacher compensation increases.
- 9 3. AIMS intervention programs.
- 10 4. Teacher development.
- 11 5. Dropout prevention programs.
- 12 6. Teacher liability insurance premiums.

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

18 J. School districts and charter schools that receive monies from the
19 classroom site fund shall submit a report by November 15 of each year to the
20 superintendent of public instruction on a per school basis that provides an
21 accounting of the expenditures of monies distributed from the fund during the
22 previous fiscal year and a summary of the results of district and school
23 programs funded with monies distributed from the fund. The department of
24 education in conjunction with the auditor general shall prescribe the format
25 of the report under this subsection.

26 K. School districts and charter schools that receive monies from the
27 classroom site fund shall receive these monies monthly in an amount not to
28 exceed one-twelfth of the monies estimated pursuant to subsection G of this
29 section, except that if there are insufficient monies in the fund that month
30 to make payments, the distribution for that month shall be prorated for each
31 school district or charter school. The department of education may make an
32 additional payment in the current month for any prior month or months in
33 which school districts or charter schools received a prorated payment if
34 there are sufficient monies in the fund that month for the additional
35 payments. The state is not required to make payments to a school district or
36 charter school classroom site fund if the state classroom site fund revenue
37 collections are insufficient to meet the estimated allocations to school
38 districts and charter schools pursuant to subsection G of this section.

39 L. The state education system for committed youth shall receive monies
40 from the classroom site fund in the same manner as school districts and
41 charter schools. The Arizona state schools for the deaf and the blind shall
42 receive monies from the classroom site fund in an amount that corresponds to
43 the weighted student count for the current year pursuant to section 15-943,
44 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state
45 schools for the deaf and the blind. Except as otherwise provided in this

1 subsection, the Arizona state schools for the deaf and the blind and the
2 state education system for committed youth are subject to this section in the
3 same manner as school districts and charter schools.

4 M. Each school district and charter school, including school districts
5 that unify pursuant to section 15-448 or consolidate pursuant to section
6 15-459, shall establish a local level classroom site fund to receive
7 allocations from the state level classroom site fund. The local level
8 classroom site fund shall be a budgetary controlled account. Interest
9 charges for any registered warrants for the local level classroom site fund
10 shall be a charge against the local level classroom site fund. Interest
11 earned on monies in the local level classroom site fund shall be added to the
12 local level classroom site fund as provided in section 15-978. ~~In no event~~
13 ~~shall~~ This state **SHALL NOT** be required to make payments to a school district
14 or charter school local level classroom site fund that are in addition to
15 monies transferred to the state level classroom site fund pursuant to section
16 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

22 ~~0. If a school district is approved for a career ladder program~~
23 ~~pursuant to section 15-918.04 or an optional performance incentive program~~
24 ~~pursuant to section 15-919, the school district may continue to participate~~
25 ~~in those programs or may choose to receive additional teacher performance pay~~
26 ~~monies pursuant to subsection G, paragraph 3 of this section. If a school~~
27 ~~district chooses to receive monies pursuant to subsection G, paragraph 3 of~~
28 ~~this section, the school district shall reduce the amount of funding for its~~
29 ~~career ladder program or optional performance incentive program, as~~
30 ~~applicable, in an amount that is equal to the amount appropriated by the~~
31 ~~legislature for the applicable stage specified in subsection G, paragraph 3~~
32 ~~of this section. If a school district is approved for a career ladder~~
33 ~~program pursuant to section 15-918.04 or an optional performance incentive~~
34 ~~program pursuant to section 15-919 and that school district chooses to~~
35 ~~receive monies for stage one pursuant to subsection G, paragraph 3 of this~~
36 ~~section, the school district shall continue to receive funding through the~~
37 ~~remaining stages specified in subsection G, paragraph 3 of this section,~~
38 ~~subject to legislative appropriation. A school district that is subject to~~
39 ~~this subsection shall notify the department of education of the school~~
40 ~~district's intention to receive monies pursuant to subsection G, paragraph 3~~
41 ~~of this section no later than July 1 of the fiscal year that stage one monies~~
42 ~~are appropriated.~~

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

44 1. "AIMS intervention" means summer programs, after school programs,
45 before school programs or tutoring programs that are specifically designed to

1 ensure that pupils meet the Arizona academic standards as measured by the
2 Arizona instrument to measure standards test prescribed by section 15-741.

3 2. "Class size reduction" means any maintenance and operations
4 expenditure that is designed to reduce the ratio of pupils to classroom
5 teachers, including the use of persons who serve as aides to classroom
6 teachers.

7 Sec. 21. Additional assistance funding for charter schools;
8 reduction for fiscal year 2011-2012

9 In addition to any other reductions made in fiscal year 2011-2012, for
10 fiscal year 2011-2012, the department of education shall reduce by the amount
11 identified in the general appropriations act the amount of additional
12 assistance funding that otherwise would be apportioned to charter schools
13 statewide for fiscal year 2011-2012 pursuant to section 15-185, subsection B,
14 paragraph 4, Arizona Revised Statutes, as amended by this act. The funding
15 reduction required under this section shall be made on a proportional basis
16 based on the additional assistance funding that each charter school in the
17 state would have received for fiscal year 2011-2012 without the prescribed
18 reduction.

19 Sec. 22. Joint technical education district equalization
20 funding

21 Notwithstanding section 15-393, Arizona Revised Statutes, or any other
22 law, the department of education shall fund state aid for joint technical
23 education districts for fiscal year 2011-2012 at ninety-one per cent of the
24 amount that otherwise would be provided by law.

25 Sec. 23. Soft capital allocation reduction for school districts
26 for fiscal year 2011-2012

27 A. For fiscal year 2011-2012, the department of education shall reduce
28 by \$188,120,700 the amount of basic state aid that otherwise would be
29 apportioned to school districts statewide for fiscal year 2011-2012 for the
30 soft capital allocation prescribed in section 15-962, Arizona Revised
31 Statutes, and shall reduce school district budget limits accordingly.

32 B. For fiscal year 2011-2012, the department of education shall reduce
33 the soft capital allocation for a school district that is not eligible to
34 receive basic state aid funding for fiscal year 2011-2012 by the amount that
35 its soft capital allocation would be reduced pursuant to subsection A of this
36 section if the district was eligible to receive basic state aid funding for
37 fiscal year 2011-2012 and shall reduce the school district's budget limits
38 accordingly.

39 Sec. 24. Early graduation scholarship program; funding
40 suspension; temporary moratorium on new program
41 participants

42 A. Notwithstanding section 15-105, subsection E, Arizona Revised
43 Statutes, the student count and per pupil funding of a school district or
44 charter school for fiscal year 2011-2012 shall not be adjusted to reflect
45 requirements under that subsection.

1 B. Notwithstanding section 15-105, subsection F, Arizona Revised
2 Statutes, for fiscal year 2011-2012 the department of education shall not
3 transmit any monies to the commission for postsecondary education for the
4 early graduation scholarship program.

5 C. Notwithstanding section 15-105, Arizona Revised Statutes, students
6 who were not admitted before July 1, 2009 to participate in the early
7 graduation scholarship program shall not be admitted to participate in the
8 early graduation scholarship program during fiscal year 2011-2012.

9 D. If sufficient monies are available in the early graduation
10 scholarship fund established by section 15-105, Arizona Revised Statutes,
11 students who were admitted before July 1, 2009 to participate in the early
12 graduation scholarship program shall continue to receive funding to
13 participate in the program in fiscal year 2011-2012.

14 Sec. 25. Annual performance audit; AIMS intervention and
15 dropout prevention program; suspension in fiscal
16 year 2011-2012

17 Notwithstanding section 15-809, subsection C, Arizona Revised Statutes,
18 the department of education is not required to contract with a private entity
19 to conduct an annual performance audit of the AIMS intervention and dropout
20 prevention program for fiscal year 2011-2012.

21 Sec. 26. School facilities board; new construction moratorium

22 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised
23 Statutes, for fiscal year 2011-2012, the school facilities board shall not
24 authorize or award funding for the design or construction of any new school
25 facility and shall not authorize or award funding for school site
26 acquisitions.

27 B. During fiscal year 2011-2012, school districts shall submit capital
28 plans according to section 15-2041, subsection C, Arizona Revised Statutes.
29 The school facilities board may review and award new school facilities as
30 outlined in section 15-2041, Arizona Revised Statutes, subject to future
31 appropriations.

32 C. This section does not apply to lease-to-own transactions entered
33 into by the school facilities board pursuant to Laws 2009, third special
34 session, chapter 12, section 75, as amended by Laws 2010, seventh special
35 session, chapter 8, section 6.

36 D. This section does not prevent the school facilities board from
37 distributing monies for construction projects that began construction before
38 fiscal year 2008-2009.

39 Sec. 27. Building renewal fund; suspension in fiscal year
40 2011-2012

41 Notwithstanding section 15-2031, Arizona Revised Statutes, the school
42 facilities board shall not distribute monies from the building renewal fund
43 in fiscal year 2011-2012.

1 3. For fiscal year 2013-2014, two per cent.

2 4. For fiscal year 2014-2015, one per cent.

3 B. Notwithstanding sections 15-918.05 and 15-919.05, Arizona Revised
4 Statutes, for fiscal years 2011-2012 through 2014-2015 a school district that
5 is authorized to calculate its budget using an increase in the base level, as
6 prescribed in sections 15-918.04 and 15-919.04, Arizona Revised Statutes,
7 shall have its equalization assistance for education as computed in section
8 15-971, Arizona Revised Statutes, computed as follows:

9 1. For a high school district or a common school district within a
10 high school district that does not offer instruction in high school subjects
11 as provided in section 15-447, Arizona Revised Statutes, the qualifying tax
12 rate as provided in section 15-971, subsection B, paragraph 1, Arizona
13 Revised Statutes, shall be increased ten cents or the amount required in
14 order to fund authorized budget capacity for the program for the fiscal year,
15 whichever is less.

16 2. For a unified school district, a common school district not within
17 a high school district or a common school district within a high school
18 district that offers instruction in high school subjects as provided in
19 section 15-447, Arizona Revised Statutes, the qualifying tax rate as provided
20 in section 15-971, subsection B, paragraph 2, Arizona Revised Statutes, shall
21 be increased twenty cents or the amount required in order to fund authorized
22 budget capacity for the program for the fiscal year, whichever is less.

23 C. For fiscal years 2011-2012 through 2014-2015, career ladder
24 programs and optional performance incentive programs are limited to teachers
25 who participated in those respective programs in the prior fiscal year.