

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 TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.02; AMENDING SECTION 15-808, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 306, SECTION 5; REPEALING SECTION 15-808, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 10; 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 15-972, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 5; 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

most recent enrollment date. Upon validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the public school and the charter school, except that if the pupil is enrolled in both a charter school and a joint technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint technical education district based on the percentage of total time that the pupil is enrolled or in attendance in the charter school and the joint technical education district. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

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

1. Equalization assistance shall not be less than zero.

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

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

E. If a charter school was a district public school in the prior year and is now being operated for or by the same school district and sponsored by the state board of education, the state board for charter schools, a university, a community college district, a group of community college districts or a school district governing board, the reduction in subsection D of this section applies. The reduction to the base support level of the 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. Title 15, chapter 2, article 2, Arizona Revised Statutes, is
7 amended by adding section 15-249.02, to read:

8 15-249.02. Arizona department of education information
9 technology fund; appropriation

10 THE ARIZONA DEPARTMENT OF EDUCATION INFORMATION TECHNOLOGY FUND IS
11 ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS AND FEES COLLECTED FROM
12 UNIVERSITIES AND COMMUNITY COLLEGE DISTRICTS IN SUPPORT OF A STATEWIDE
13 INFORMATION TECHNOLOGY SYSTEM FOR PUBLIC EDUCATION. THE DEPARTMENT OF
14 EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO
15 LEGISLATIVE APPROPRIATION AND ARE EXEMPT FROM THE PROVISIONS OF SECTION
16 35-190 RELATING TO LAPSING OF APPROPRIATIONS. ALL MONIES DEPOSITED IN THE
17 FUND FOR FISCAL YEAR 2011-2012 ARE APPROPRIATED FOR USE IN FISCAL YEAR
18 2011-2012. MONIES IN THE FUND MAY ONLY BE USED FOR THE PURPOSES PRESCRIBED
19 IN SECTION 15-249 AND ARE SUBJECT TO THE REQUIREMENTS FOR REVIEW BY THE JOINT
20 LEGISLATIVE BUDGET COMMITTEE PRESCRIBED IN THAT SECTION.

21 Sec. 4. Section 15-808, Arizona Revised Statutes, as amended by Laws
22 2010, chapter 306, section 5, is amended to read:

23 15-808. Arizona online instruction; reports; definitions

24 A. Arizona online instruction shall be instituted to meet the needs of
25 pupils in the information age. The state board of education shall select
26 traditional public schools and the state board for charter schools shall
27 sponsor charter schools to be online course providers or online schools. The
28 state board of education and the state board for charter schools shall
29 jointly develop standards for the approval of online course providers and
30 online schools based on the following criteria:

31 1. The depth and breadth of curriculum choices.

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

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

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

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

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

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

3 8. The services offered to developmentally disabled populations.

4 9. The grade levels that will be served.

5 B. Each new school that provides online instruction shall provide
6 online instruction on a probationary status. After a new school that
7 provides online instruction has clearly demonstrated the academic integrity
8 of its instruction through the actual improvement of the academic performance
9 of its students, the school may apply to be removed from probationary status.
10 The state board of education or the state board for charter schools shall
11 remove from Arizona online instruction any probationary school that fails to
12 clearly demonstrate improvement in academic performance within three years
13 measured against goals in the approved application and the state's
14 accountability system. The state board of education and the state board for
15 charter schools shall review the effectiveness of each participating school
16 and other information that is contained in the annual report prescribed in
17 subsection D of this section. All pupils who participate in Arizona online
18 instruction shall reside in this state. Pupils who participate in Arizona
19 online instruction are subject to the testing requirements prescribed in
20 chapter 7, article 3 of this title. Upon enrollment, the school shall notify
21 the parents or guardians of the pupil of the state testing requirements. If
22 a pupil fails to comply with the testing requirements and the school
23 administers the tests pursuant to this subsection to less than ninety-five
24 per cent of the pupils in Arizona online instruction, the pupil shall not be
25 allowed to participate in Arizona online instruction.

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

29 D. The department of education shall compile the information submitted
30 in the annual reports by schools participating in Arizona online instruction.
31 The department of education shall submit the compiled report to the governor,
32 the speaker of the house of representatives and the president of the senate
33 by November 15 of each year.

34 E. Each school selected for Arizona online instruction shall ensure
35 that a daily log is maintained for each pupil who participates in Arizona
36 online instruction. The daily log shall describe the amount of time spent by
37 each pupil participating in Arizona online instruction pursuant to this
38 section on academic tasks. The daily log shall be used by the school
39 district or charter school to qualify the pupils who participate in Arizona
40 online instruction in the school's average daily attendance calculations
41 pursuant to ~~section 15-901~~ SUBSECTION F OF THIS SECTION.

42 F. If a pupil is enrolled in a school district or charter school and
43 also participates in Arizona online instruction, the sum of the average daily
44 membership, which includes enrollment as prescribed in section 15-901,
45 subsection A, paragraph ~~2~~ 1, subdivisions (a) and (b) and daily attendance

as prescribed in section 15-901, subsection A, paragraph ~~6- 5~~, for that pupil in the school district or charter school and in Arizona online instruction shall not exceed 1.0. If the pupil is enrolled in a school district or a charter school and also participates in Arizona online instruction and the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the school district, unless the school district is a joint technical education district subject to the apportionment requirements of section 15-393, or charter school and Arizona online instruction based on the percentage of total time that the pupil is enrolled or in attendance in the school district or charter school and Arizona online instruction. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this subsection. Pupils in Arizona online instruction do not incur absences for purposes of ~~section 15-901~~ THIS SUBSECTION and may generate an average daily attendance of 1.0 for attendance hours during any hour of the day, during any day of the week and at any time between July 1 and June 30 of each fiscal year. For kindergarten programs and grades one through eight, average daily membership shall be calculated by dividing the instructional hours as reported in the daily log required in subsection E of this section by the applicable hourly requirements prescribed in section 15-901. For grades nine through twelve, average daily membership shall be calculated by dividing the instructional hours as reported in the daily log required in subsection E of this section by nine hundred. The average daily membership of a pupil who participates in online instruction shall not exceed 1.0. Average daily membership shall not be calculated on the one hundredth day of instruction for the purposes of this section. Funding shall be determined as follows:

1. A pupil who is enrolled full-time in Arizona online instruction shall be funded for online instruction at ninety-five per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a full-time student in a school district or charter school that does not participate in Arizona online instruction. Additional assistance, capital outlay revenue limit and soft capital allocation limit shall be calculated in the same manner they would be calculated if the student were enrolled in a district or charter school that does not participate in Arizona online instruction.

2. A pupil who is enrolled part-time in Arizona online instruction shall be funded for online instruction at ~~eighty-five~~ ONE HUNDRED per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a part-time student in a school district or charter school that does not participate in Arizona online instruction. Additional assistance, capital outlay revenue limit and soft capital allocation limit shall be calculated in the same manner they would be calculated if the student were enrolled in a district or charter school that does not participate in Arizona online instruction.

1 G. If the academic achievement of a pupil declines while the pupil is
2 participating in Arizona online instruction, the pupil's parents, the pupil's
3 teachers and the principal or head teacher of the school shall confer to
4 evaluate whether the pupil should be allowed to continue to participate in
5 Arizona online instruction.

6 H. To ensure the academic integrity of pupils who participate in
7 online instruction, Arizona online instruction shall include multiple diverse
8 assessment measures and the proctored administration of required state
9 standardized tests.

10 I. For the purposes of this section:

11 1. "Full-time student" means:

12 (a) A student who is at least five years of age before September 1 of
13 a school year and who is enrolled in a school kindergarten program that meets
14 at least three hundred forty six hours during the school year.

15 (b) A student who is at least six years of age before September 1 of a
16 school year, who has not graduated from the highest grade taught in the
17 school and who is regularly enrolled in a course of study required by the
18 state board of education. For first, second and third grade students, the
19 instructional program shall meet at least seven hundred twelve hours. For
20 fourth, fifth and sixth grade students, the instructional program shall meet
21 at least eight hundred ninety hours during the school year.

22 (c) Seventh and eighth grade students or ungraded students who are at
23 least twelve, but under fourteen, years of age on or before September 1 and
24 who are enrolled in an instructional program of courses that meets at least
25 one thousand sixty-eight hours during the school year.

26 (d) For high schools, except as provided in section 15-105, a student
27 not graduated from the highest grade taught in the school district, or an
28 ungraded student at least fourteen years of age on or before September 1, and
29 who is enrolled in at least four courses throughout the year that meet at
30 least nine hundred hours during the school year. A full-time student shall
31 not be counted more than once for computation of average daily membership.

32 2. "Online course provider" means a school other than an online school
33 that is selected by the state board of education or the state board for
34 charter schools to participate in Arizona online instruction pursuant to this
35 section and that provides at least one online academic course that is
36 approved by the state board of education.

37 3. "Online school" means a school that provides at least four online
38 academic courses or one or more online courses for the equivalent of at least
39 five hours each day for one hundred eighty school days and that is a charter
40 school that is sponsored by the state board for charter schools or a
41 traditional public school that is selected by the state board of education to
42 participate in Arizona online instruction.

1 4. "Part-time student" means:

2 (a) Any student who is enrolled in a program that does not meet the
3 definition in paragraph 1 of this subsection. ~~shall be funded at eighty five~~
4 ~~per cent of the base support level that would be calculated for that pupil if~~
5 ~~that pupil were enrolled as a part time student in a school district or~~
6 ~~charter school that does not participate in Arizona online instruction.~~

7 (b) A part-time student of seventy-five per cent average daily
8 membership shall be enrolled in at least three subjects throughout the year
9 that offer for first, second and third grade students at least five hundred
10 thirty-four instructional hours in a school year and for fourth, fifth and
11 sixth grade students at least six hundred sixty-eight instructional hours in
12 a school year. A part-time student of fifty per cent average daily
13 membership shall be enrolled in at least two subjects throughout the year
14 that offer for first, second and third grade students at least three hundred
15 fifty-six instructional hours in a school year and for fourth, fifth and
16 sixth grade students at least four hundred forty-five instructional hours in
17 a school year. A part-time student of twenty-five per cent average daily
18 membership shall be enrolled in at least one subject throughout the year that
19 offers for first, second and third grade students at least one hundred
20 seventy-eight instructional hours in a school year and for fourth, fifth and
21 sixth grade students at least two hundred twenty-three instructional hours in
22 a school year.

23 (c) For seventh and eighth grade students, a part-time student of
24 seventy-five per cent average daily membership shall be enrolled in at least
25 three subjects throughout the year that offer at least eight hundred one
26 instructional hours in a school year. A part-time student of fifty per cent
27 average daily membership shall be enrolled in at least two subjects
28 throughout the year that offer at least five hundred thirty-four
29 instructional hours in a school year. A part-time student of twenty-five per
30 cent average daily membership shall be enrolled in at least one subject
31 throughout the year that offers at least two hundred sixty-seven
32 instructional hours in a school year.

33 (d) For high school students, a part-time student of seventy-five per
34 cent average daily membership shall be enrolled in at least three subjects
35 throughout the year that offer at least six hundred seventy-five
36 instructional hours in a school year. A part-time student of fifty per cent
37 average daily membership shall be enrolled in at least two subjects
38 throughout the year that offer at least four hundred fifty instructional
39 hours in a school year. A part-time student of twenty-five per cent average
40 daily membership shall be enrolled in at least one subject throughout the
41 year that offers at least two hundred twenty-five instructional hours in a
42 school year.

43 Sec. 5. Repeal

44 Section 15-808, Arizona Revised Statutes, as amended by Laws 2010,
45 chapter 318, section 10, is repealed.

1 Sec. 6. Section 15-901, Arizona Revised Statutes, as amended by Laws
2 2010, seventh special session, chapter 8, section 2 and Laws 2010, second
3 regular session, chapter 220, section 2, chapter 306, section 6 and chapter
4 332, section 15, is amended to read:

5 15-901. Definitions

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

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

10 ~~2.~~ 1. "Average daily membership" means the total enrollment of
11 fractional students and full-time students, minus withdrawals, ~~of each school~~
12 ~~day through the first one hundred days or two hundred days in session, as~~
13 ~~applicable, for the current year~~ WHO ARE ENROLLED ON SEPTEMBER 15, NOVEMBER
14 15, JANUARY 15 AND MARCH 15, DIVIDED BY FOUR. Withdrawals include students
15 formally withdrawn from schools and students absent for ten consecutive
16 school days, except for excused absences ~~as~~ identified by the department of
17 education. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICTS AND CHARTER
18 SCHOOLS SHALL REPORT STUDENT ABSENCE DATA TO THE DEPARTMENT OF EDUCATION AT
19 LEAST ONCE EVERY SIXTY DAYS IN SESSION. For computation purposes, the
20 effective date of withdrawal shall be retroactive to the last day of actual
21 attendance of the student OR EXCUSED ABSENCE.

22 (a) "Fractional student" means:

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

1 be counted as one-fourth, one-half or three-fourths of a full-time student if
2 the student is enrolled in an instructional program that is at least
3 one-fourth, one-half or three-fourths of the time a full-time student is
4 enrolled as defined in subdivision (b) of this paragraph.

5 (ii) For high schools, a part-time student who is enrolled in less
6 than four subjects that count toward graduation as defined by the state board
7 of education in a recognized high school. ~~and who is taught in less than~~
8 ~~twenty instructional hours per week prorated for any week with fewer than~~
9 ~~five school days. A part time high school student shall be counted as~~
10 ~~one-fourth, one-half or three-fourths of a full-time student if the student~~
11 ~~is enrolled in an instructional program that is at least one-fourth, one-half~~
12 ~~or three-fourths of a full-time instructional program as defined in~~
13 ~~subdivision (c) of this paragraph.~~ THE AVERAGE DAILY MEMBERSHIP OF A
14 PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.75 IF THE STUDENT IS ENROLLED IN AN
15 INSTRUCTIONAL PROGRAM OF THREE SUBJECTS THAT MEET AT LEAST FIVE HUNDRED
16 EIGHTY HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL
17 HOURS PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A
18 PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.5 IF THE STUDENT IS ENROLLED IN AN
19 INSTRUCTIONAL PROGRAM OF TWO SUBJECTS THAT MEET AT LEAST THREE HUNDRED SIXTY
20 HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS
21 PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A PART-TIME HIGH
22 SCHOOL STUDENT SHALL BE 0.25 IF THE STUDENT IS ENROLLED IN AN INSTRUCTIONAL
23 PROGRAM OF ONE SUBJECT THAT MEETS AT LEAST ONE HUNDRED EIGHTY HOURS FOR A ONE
24 HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS
25 SECTION.

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

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

1 least nine, but under twelve, years of age by September 1 must be enrolled in
 2 an instructional program that meets for a total of at ~~least eight hundred~~
 3 ~~sixty five hours during the minimum number of school days required in a~~
 4 ~~school year as provided in section 15-341. In fiscal year 2001-2002, the~~
 5 ~~program shall meet at least eight hundred seventy hours. In fiscal year~~
 6 ~~2002-2003, the program shall meet at least eight hundred seventy five hours.~~
 7 ~~In fiscal year 2003-2004, the program shall meet at least eight hundred~~
 8 ~~eighty hours. In fiscal year 2004-2005, the program shall meet at least~~
 9 ~~eight hundred eighty five hours. In fiscal year 2005-2006 and each fiscal~~
 10 ~~year thereafter, the program shall meet at least eight hundred ninety hours.~~
 11 ~~Until fiscal year 2001-2002, LEAST EIGHT HUNDRED NINETY HOURS FOR A ONE~~
 12 ~~HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS~~
 13 ~~SECTION.~~ Seventh and eighth grade students or ungraded students at least
 14 twelve, but under fourteen, years of age by September 1 must be enrolled in
 15 an instructional program that meets for ~~a total of at least one thousand~~
 16 ~~thirty-eight hours during the minimum number of days required in a school~~
 17 ~~year as provided in section 15-341. In fiscal year 2001-2002, the program~~
 18 ~~shall meet at least one thousand forty-four hours. In fiscal year 2002-2003,~~
 19 ~~the program shall meet at least one thousand fifty hours. In fiscal year~~
 20 ~~2003-2004, the program shall meet at least one thousand fifty-six hours. In~~
 21 ~~fiscal year 2004-2005, the program shall meet at least one thousand sixty-two~~
 22 ~~hours. In fiscal years 2005-2006 through 2009-2010, the program shall meet~~
 23 ~~at least one thousand sixty-eight hours. In fiscal year 2010-2011 and each~~
 24 ~~fiscal year thereafter, the program shall meet~~ at least one thousand hours.
 25 Lunch periods and recess periods may not be included as part of the
 26 instructional hours unless the student is a child with a disability and the
 27 child's individualized education program requires instruction during those
 28 periods and the specific reasons for such instruction are fully documented.
 29 (ii) For high schools, except as provided in section 15-105, a student
 30 not graduated from the highest grade taught in the school district, or an
 31 ungraded student at least fourteen years of age by September 1, and enrolled
 32 in at least ~~a full-time~~ AN instructional program of ~~FOUR OR MORE~~ subjects
 33 that count toward graduation as defined by the state board of education, ~~THAT~~
 34 ~~MEETS FOR A TOTAL OF AT LEAST SEVEN HUNDRED TWENTY HOURS FOR A ONE HUNDRED~~
 35 ~~EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION~~
 36 in a recognized high school. A full-time student shall not be counted more
 37 than once for computation of average daily membership. ~~THE AVERAGE DAILY~~
 38 ~~MEMBERSHIP OF A FULL-TIME HIGH SCHOOL STUDENT SHALL BE 1.0 IF THE STUDENT IS~~
 39 ~~ENROLLED IN AT LEAST FOUR SUBJECTS THAT MEET AT LEAST SEVEN HUNDRED TWENTY~~
 40 ~~HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE EQUIVALENT~~
 41 ~~INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION.~~
 42 (iii) Except as otherwise provided by law, for a full-time high school
 43 student who is concurrently enrolled in two school districts or two charter
 44 schools, the average daily membership shall not exceed 1.0.

1 (iv) Except as otherwise provided by law, for any student who is
2 concurrently enrolled in a school district and a charter school, the average
3 daily membership shall be apportioned between the school district and the
4 charter school and shall not exceed 1.0. The apportionment shall be based on
5 the percentage of total time that the student is enrolled in or in attendance
6 at the school district and the charter school.

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

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

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

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

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

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

40 ~~(iv) For fiscal year 2003-2004, an instructional program that meets at~~
41 ~~least a total of seven hundred twelve hours during the minimum number of days~~
42 ~~required and includes at least four subjects each of which, if taught each~~
43 ~~school day for the minimum number of days required in a school year, would~~
44 ~~meet a minimum of one hundred twenty-three hours a year, or the equivalent,~~

~~or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.~~

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

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

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

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

(a) Grades one through eight.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 ~~8.~~ 7. "District support level" means the base support level plus the
22 transportation support level.

23 ~~9.~~ 8. "Eligible students" means:

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

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

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

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

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

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

13 ~~10-~~ 9. "Enrolled" or "enrollment" means when a pupil is currently
14 registered in the school district.

15 ~~11-~~ 10. "GDP price deflator" means the average of the four implicit
16 price deflators for the gross domestic product reported by the United States
17 department of commerce for the four quarters of the calendar year.

18 ~~12-~~ 11. "High school district" means a political subdivision of this
19 state offering instruction to students for grades nine through twelve or that
20 portion of the budget of a common school district which is allocated to
21 teaching high school subjects with permission of the state board of
22 education.

23 ~~13-~~ 12. "Revenue control limit" means the base revenue control limit
24 plus the transportation revenue control limit.

25 ~~14-~~ 13. "Student count" means average daily membership as prescribed
26 in this subsection for the fiscal year prior to the current year, except that
27 for the purpose of budget preparation student count means average daily
28 membership as prescribed in this subsection for the current year.

29 ~~15-~~ 14. "Submit electronically" means submitted in a format and in a
30 manner prescribed by the department of education.

31 ~~16-~~ 15. "Total bus mileage" means the total number of miles driven by
32 all buses of a school district during the school year.

33 ~~17-~~ 16. "Total students transported" means all eligible students
34 transported from their place of residence to a school transportation pickup
35 point or to the school of attendance and from the school of attendance or
36 from the school transportation scheduled return point to their place of
37 residence.

38 ~~18-~~ 17. "Unified school district" means a political subdivision of the
39 state offering instruction to students in programs for preschool children
40 with disabilities and kindergarten programs and grades one through twelve.

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

42 1. "Base" means the revenue level per student count specified by the
43 legislature.

44 2. "Base level" means the following amounts plus the percentage
45 increases to the base level as provided in sections 15-902.02, 15-918.04,

1 15-919.04 and 15-952, except that if a school district or charter school is
2 eligible for an increase in the base level as provided in two or more of
3 these sections, the base level amount shall be calculated by compounding
4 rather than adding the sum of one plus the percentage of the increase from
5 those different sections:

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

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

10 (c) For fiscal years 2009-2010, ~~and~~ 2010-2011 **AND 2011-2012**, three
11 thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 7. Repeal

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

Sec. 8. Section 15-910.02, Arizona Revised Statutes, is amended to read:

15-910.02. Energy and water savings accounts

A. Each school district may establish an energy and water savings account that consists of a designated pool of capital investment monies to fund energy or water saving projects in school facilities. A school district may deposit in the account monies from one or more companies that provide utility, energy or water services to the school district pursuant to

1 contracts that are executed between the companies and the school district and
2 that are designed to save energy or water in school facilities. A school
3 district may use monies in the energy and water savings account for payments
4 under a performance contract entered into pursuant to section 15-213 or
5 15-213.01.

6 B. The auditor general and the department of education shall prescribe
7 the appropriate designation of the energy and water savings accounts in the
8 uniform system of financial records and shall prescribe reporting
9 requirements on the appropriate budget forms and annual financial report
10 forms.

11 C. Monies deposited in an energy and water savings account shall be
12 used as a designated pool of capital investment monies to pay for the
13 incremental cost of energy or water savings measures in school facilities
14 that are owned or operated by the school district. Any contract entered into
15 pursuant to this section shall contain an agreement between the qualified
16 provider or utility, energy or water services company and the school district
17 that each party has performed a reasonable investigation to determine that
18 the measures contemplated by the contract will result in stated energy or
19 water savings. Contract terms may extend the period of the capital
20 investment repayment schedule prescribed in subsection G of this section up
21 to the expected life of the energy or water savings measures, or twenty-five
22 years, whichever is shorter.

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

25 1. Projects or measures pursuant to a contract pursuant to this
26 section that save energy or water in school facilities that are owned or
27 operated by the school district. Monies may be used pursuant to this
28 paragraph to provide technical assistance regarding energy or water savings
29 to school districts by a qualified provider or a utility, energy or water
30 services company.

31 2. The repayment to the qualified provider or utility, energy or water
32 services company of capital investment monies deposited in the account plus
33 reasonable carrying charges pursuant to the terms of the contract.
34 Reasonable carrying charges for investor owned utilities will be the most
35 recent authorized rate of return approved by the Arizona corporation
36 commission.

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

39 F. Before the implementation of the energy or water savings measures
40 or services, the qualified provider or utility, energy or water services
41 company shall compute, and the school district shall review and approve, the
42 estimated amount of the energy or water savings and the associated impact on
43 energy or water costs to be achieved by the school district on an annual and
44 monthly basis over the expected life of the measures and shall include these
45 estimates in the contract. The qualified provider or utility, energy or

1 water services company and the school district shall update the annual and
2 monthly energy or water savings and associated cost impact estimates annually
3 based on actual experience.

4 G. Before the implementation of the energy or water savings measures
5 or services, the qualified provider or utility, energy or water services
6 company and the school district shall jointly develop a schedule of monthly
7 payments for repayment of the capital investment monies to the qualified
8 provider or utility, energy or water services company. The repayment
9 schedule shall result in lower energy or water costs, which shall include the
10 cost of the installed energy or water savings measures for the school
11 district over the life of the installed measures that the school district
12 would have experienced without the installation of the measures. The
13 repayment schedule shall be included in the contract.

14 H. The school district shall transfer on a monthly basis the amount of
15 the monthly payment prescribed pursuant to subsection G of this section to
16 the energy and water savings account from the maintenance and operation
17 portion of the school district's budget to repay any unpaid balance of the
18 capital investment previously deposited in the energy and water savings
19 account from the qualified provider or utility, energy or water services
20 company plus a reasonable carrying charge. For the period of time that the
21 company's capital investment monies and reasonable carrying charge remain
22 unpaid, the qualified provider or utility, energy or water services company
23 shall provide a separate billing or billing component to repay the capital
24 investment on a monthly basis, pursuant to the repayment schedule prescribed
25 pursuant to subsection G of this section, which shall be paid by the school
26 district from the energy and water savings account. The school district's
27 general budget limit shall be reduced by the amount of monies transferred to
28 the energy and water savings account pursuant to this section.

29 I. After the balance of the qualified provider or utility, energy or
30 water services company's capital investment monies deposited in the energy
31 and water savings account plus a reasonable carrying charge are repaid in
32 full by the school district, the school district may discontinue the deposit
33 in the energy and water savings account of amounts that are prescribed in
34 subsection H of this section.

35 J. Any monies associated with an energy or water savings project
36 remaining in the energy and water savings account after the capital
37 investment monies of the qualified provider or utility, energy or water
38 services company plus a reasonable carrying charge are repaid in full may be
39 transferred to the maintenance and operation portion of the school district's
40 budget, and the general budget limit may be increased by the amount
41 transferred.

42 K. School districts may deposit energy-related rebate or grant monies
43 in the energy and water savings account to assist in funding energy or water
44 savings projects. These rebate or grant monies shall be used to reduce the
45 total cost of energy or water savings projects and to reduce the amount of

1 capital investment monies received from and repaid to utility, energy or
2 water services companies. School districts are not required to repay the
3 rebate or grant monies in the manner described in subsection H of this
4 section, pursuant to the agreements with the providers of rebate or grant
5 funds.

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

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

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

18 O. For all projects carried out under this section, the district shall
19 report to the school facilities board:

- 20 1. The name of the project.
- 21 2. The qualified provider.
- 22 3. The total cost of the project.
- 23 4. The expected energy and cost savings.

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

27 Sec. 9. Repeal

28 Section 15-910.04, Arizona Revised Statutes, is repealed.

29 Sec. 10. Delayed repeal

30 Sections 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05,
31 15-919, 15-919.02, 15-919.03, 15-919.04, 15-919.05 and 15-919.06, Arizona
32 Revised Statutes, are repealed from and after June 30, 2015.

33 Sec. 11. Section 15-943, Arizona Revised Statutes, is amended to read:

34 15-943. Base support level

35 The base support level for each school district shall be computed as
36 follows:

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

39 (a) For school districts whose student count in kindergarten programs
40 and grades one through eight is classified in column 1 of this subdivision,
41 the support level weight for kindergarten programs and grades one through
42 eight is the corresponding support level weight prescribed in column 2 or 3
43 of this subdivision, whichever is appropriate:

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

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

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	$1.468 + [0.0005 \times (500 - \text{student count})]$	$1.398 + [0.0004 \times (500 - \text{student count})]$
500-599	$1.268 + [0.002 \times (600 - \text{student count})]$	$1.268 + [0.0013 \times (600 - \text{student count})]$

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

(a)					Support Level Weight	Student Count	Weighted Student Count
<u>Grade</u>	<u>Base</u>		<u>Group A</u>		<u>Weight</u>	<u>Count</u>	<u>Count</u>
PSD	1.000	+	0.450	=	1.450	x	
K-8	1.000	+	0.158	=	1.158	x	
9-12	1.163	+	0.105	=	1.268	x	
						Subtotal	A

(b)					Support Level Weight	Student Count	Weighted Student Count
<u>Funding Category</u>					<u>Weight</u>	<u>Count</u>	<u>Count</u>
HI					4.771	x	
K-3					0.060	x	
ELL					0.115	x	
MD-R, A-R and SMR-R					6.024	x	
MD-SC, A-SC and SMR-SC					5.833	x	
MD-SSI					7.947	x	

1	OI-R	3.158	x	_____	=	_____
2	OI-SC	6.773	x	_____	=	_____
3	P-SD	3.595	x	_____	=	_____
4	DD, ED, MIMR, SLD,					
5	SLI and OHI	0.003	x	_____	=	_____
6	ED-P	4.822	x	_____	=	_____
7	MOMR	4.421	x	_____	=	_____
8	VI	4.806	x	_____	=	_____
9				Subtotal	B	_____

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

11 3. Multiply the total determined in paragraph 2 of this section by the
12 base level.

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

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

16 Sec. 12. Section 15-944, Arizona Revised Statutes, is amended to read:
17 15-944. Base revenue control limit

18 A. The base revenue control limit for each school district for fiscal
19 year 1980-1981 is computed as follows:

20 1. Add the amounts in the fiscal year 1979-1980 budget effective May
21 15, 1980 for general operating and special education.

22 2. Subtract the following budgeted revenues from the sum obtained in
23 paragraph 1 of this subsection:

24 (a) Tuition paid for attendance of nonresident pupils.

25 (b) State assistance as provided in section 15-976.

26 (c) Special education revenues as provided in section 15-825,
27 subsection D and section 15-1204.

28 (d) Proceeds from the sale or lease of school property as provided in
29 section 15-1102.

30 3. Add the increase in the base support level from fiscal year
31 1979-1980 to fiscal year 1980-1981 to the difference obtained in paragraph 2
32 of this subsection.

33 B. The equalization factor for each school district is computed as
34 follows:

35 1. Divide the sum obtained in subsection A, paragraph 3 of this
36 section by the base support level for fiscal year 1980-1981.

37 2. Subtract 1.0 from the quotient obtained in paragraph 1 of this
38 subsection to obtain the equalization factor.

39 C. The revenue variation factor for each fiscal year is as follows:

40 1. For fiscal year 1981-1982, 0.80.

41 2. For fiscal year 1982-1983, 0.60.

42 3. For fiscal year 1983-1984, 0.40.

43 4. For fiscal year 1984-1985, 0.20.

D. The base revenue control limit for each school district during the five years in which the equalization plan is in operation is computed as follows:

1. Multiply the equalization factor by the revenue variation factor for the applicable year. Beginning with fiscal year 1983-1984 if the resulting product is less than negative 0.08, use negative 0.08 for computation purposes as provided in paragraph 2 of this subsection.

2. Multiply the product obtained in paragraph 1 of this subsection by the base support level for the applicable year.

3. Add the base support level for the applicable year to the product obtained in paragraph 2 of this subsection.

E. For fiscal year 1985-1986 and each fiscal year thereafter, the base revenue control limit equals the base support level for the same fiscal year ~~and the amount determined in section 15-910.04.~~

Sec. 13. Section 15-945, Arizona Revised Statutes, is amended to read:
15-945. Transportation support level

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

D. The transportation support level for each school district for the current year is the sum of the support level for to and from school as determined in subsection A of this section, the support level for academic education, career and technical education, vocational education and athletic

1 trips as determined in subsection B of this section and the support level for
2 extended school year services for pupils with disabilities as determined in
3 subsection C of this section.

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

7 Sec. 14. Section 15-947, Arizona Revised Statutes, is amended to read:

8 15-947. Revenue control limit; district support level; general
9 budget limit; unrestricted total capital budget
10 limit; soft capital allocation limit

11 A. The revenue control limit for a school district is equal to the sum
12 of the base revenue control limit determined in section 15-944, ~~the amount~~
13 ~~determined in section 15-910.04~~ and the transportation revenue control limit
14 determined in section 15-946.

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

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

20 1. The maintenance and operations portion of the revenue control limit
21 for the budget year.

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

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

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

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

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

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

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

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

40 (vii) State assistance for excess tuition as provided in section
41 15-825.01.

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

- 1 (ix) Transportation revenues for attendance of nonresident pupils.
- 2 (b) Amounts approved pursuant to an override election as provided in
- 3 section 15-481 for the applicable fiscal year.
- 4 (c) Expenditures for excess utility costs as provided in section
- 5 15-910.
- 6 (d) Amounts authorized by the county school superintendent pursuant to
- 7 section 15-974, subsection B.
- 8 (e) Expenditures for complying with a court order of desegregation as
- 9 provided in section 15-910.
- 10 (f) Expenditures for the bond issues portion of the cost of tuition as
- 11 provided in section 15-910.
- 12 (g) Interest on registered warrants or tax anticipation notes as
- 13 provided in section 15-910.
- 14 (h) Amounts budgeted for a jointly owned and operated career and
- 15 technical education and vocational education center as provided in section
- 16 15-910.01.
- 17 3. The maintenance and operations portion of the capital outlay
- 18 revenue limit for the budget year.
- 19 4. Any other budget item that is budgeted in the maintenance and
- 20 operation section of the budget and that is specifically exempt from the
- 21 revenue control limit or the capital outlay revenue limit.
- 22 D. The unrestricted capital budget limit, for each school district for
- 23 each fiscal year, is the sum of the following:
- 24 1. The federal impact adjustment as determined in section 15-964 for
- 25 the budget year.
- 26 2. Any other budget item that is budgeted in the capital outlay
- 27 section of the budget and that is specifically exempt from the capital outlay
- 28 revenue limit.
- 29 3. The unrestricted capital portion of the amounts contained in
- 30 subsection C of this section.
- 31 4. The unexpended budget balance in the unrestricted capital outlay
- 32 fund from the previous fiscal year.
- 33 5. The net interest earned in the unrestricted capital outlay fund the
- 34 previous fiscal year.
- 35 6. The budgeted amount as approved and determined pursuant to section
- 36 15-962, subsection F.
- 37 E. The soft capital allocation limit for each school district for each
- 38 fiscal year is the sum of the following:
- 39 1. The soft capital allocation for the budget year.
- 40 2. The unexpended budget balance in the soft capital allocation fund
- 41 from the previous fiscal year.
- 42 3. The net interest earned in the soft capital allocation fund the
- 43 previous fiscal year.

1 Sec. 15. Section 15-947.01, Arizona Revised Statutes, is amended to
2 read:

3 15-947.01. Revenue control limit; general budget limit; total
4 capital budget limit for joint technical education
5 districts

6 A. The revenue control limit for a joint technical education district
7 is equal to the base support level determined in section 15-943.02 ~~and the~~
8 ~~amount determined in section 15-910.04.~~

9 B. The general budget limit for each joint technical education
10 district, for each fiscal year, is the sum of the following:

11 1. The revenue control limit for the budget year.

12 2. The capital outlay revenue limit for the budget year.

13 3. Tuition revenues for attendance of nonresident pupils.

14 4. Title VIII of the elementary and secondary education act of 1965
15 assistance determined for children with disabilities, children with specific
16 learning disabilities and children residing on Indian lands as provided in
17 section 15-905, subsections K and O.

18 5. Expenditures for excess utility costs as provided in section
19 15-910.

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

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

26 Sec. 16. Section 15-972, Arizona Revised Statutes, as amended by Laws
27 2010, seventh special session, chapter 8, section 5, is amended to read:

28 15-972. State limitation on homeowner property taxes;
29 additional state aid to school districts; definitions

30 A. Notwithstanding section 15-971, there shall be additional state aid
31 for education computed for school districts as provided in subsection B of
32 this section.

33 B. The clerk of the board of supervisors shall compute such additional
34 state aid for education as follows:

35 1. For a high school district or for a common school district within a
36 high school district which does not offer instruction in high school subjects
37 as provided in section 15-447:

38 (a) Determine the SUM OF THE qualifying tax rate pursuant to section
39 41-1276 for the school district AND THE PART OF THE PRIMARY TAX RATE SET TO
40 FUND THE SMALL SCHOOL DISTRICT ADJUSTMENT, IF ANY, AS PROVIDED IN SECTION
41 15-949, SUBSECTIONS A AND C.

42 (b) Determine the following percentage of the ~~qualifying tax rate~~ SUM
43 determined in subdivision (a) of this paragraph:

44 (i) Thirty-five per cent through December 31, 2005.

1 (ii) Thirty-six per cent beginning from and after December 31, 2005
2 through December 31, 2006.

3 (iii) Thirty-seven per cent beginning from and after December 31, 2006
4 through December 31, 2007.

5 (iv) Thirty-eight per cent beginning from and after December 31, 2007
6 through December 31, 2008.

7 (v) Thirty-nine per cent beginning from and after December 31, 2008
8 through December 31, 2009.

9 (vi) Forty per cent beginning from and after December 31, 2009.

10 (c) Select the lesser of the amount determined in subdivision (b) of
11 this paragraph or forty per cent of the primary property tax rate that would
12 be levied in lieu of the provisions of this section for the district.

13 (d) Multiply the rate selected in subdivision (c) of this paragraph as
14 a rate per one hundred dollars assessed valuation by the assessed valuation
15 used for primary property taxes of the residential property in the school
16 district.

17 2. For a unified school district, for a common school district not
18 within a high school district or for a common school district which offers
19 instruction in high school subjects as provided in section 15-447:

20 (a) Determine the SUM OF THE qualifying tax rate pursuant to section
21 41-1276 for the school district AND THE PART OF THE PRIMARY TAX RATE SET TO
22 FUND THE SMALL SCHOOL DISTRICT ADJUSTMENT, IF ANY, AS PROVIDED IN SECTION
23 15-949, SUBSECTIONS A AND C.

24 (b) Determine the following percentage of the ~~tax-rate~~ SUM determined
25 in subdivision (a) of this paragraph:

26 (i) Thirty-five per cent through December 31, 2005.

27 (ii) Thirty-six per cent beginning from and after December 31, 2005
28 through December 31, 2006.

29 (iii) Thirty-seven per cent beginning from and after December 31, 2006
30 through December 31, 2007.

31 (iv) Thirty-eight per cent beginning from and after December 31, 2007
32 through December 31, 2008.

33 (v) Thirty-nine per cent beginning from and after December 31, 2008
34 through December 31, 2009.

35 (vi) Forty per cent beginning from and after December 31, 2009.

36 (c) Select the lesser of the amount determined in subdivision (b) of
37 this paragraph or forty per cent of the primary property tax rate that would
38 be levied in lieu of the provisions of this section for the district.

39 (d) Multiply the rate selected in subdivision (c) of this paragraph as
40 a rate per one hundred dollars assessed valuation by the assessed valuation
41 used for primary property taxes of the residential property in the district.

42 C. The clerk of the board of supervisors shall report to the
43 department of revenue not later than the Friday following the third Monday in
44 August of each year the amount by school district of additional state aid for
45 education and the data used for computing the amount as provided in

1 subsection B of this section. The department of revenue shall verify all of
2 the amounts and report to the county board of supervisors not later than
3 August 30 of each year the property tax rate or rates which shall be used for
4 property tax reduction as provided in subsection E of this section.

5 D. The board of supervisors shall reduce the property tax rate or
6 rates that would be levied in lieu of the provisions of this section by the
7 school district or districts on the assessed valuation used for primary
8 property taxes of the residential property in the school district or
9 districts by the rate or rates selected in subsection B, paragraph 1,
10 subdivision (c) and paragraph 2, subdivision (c) of this section. The excess
11 of the reduction in property taxes for a parcel of property resulting from
12 the reduction in the property tax rate pursuant to this subsection over the
13 amounts listed in this subsection shall be deducted from the amount of
14 additional state aid for education. The reduction in property taxes on a
15 parcel of property resulting from the reduction in the property tax rate
16 pursuant to this subsection shall not exceed the following amounts except as
17 provided in subsection I of this section:

18 1. Five hundred dollars through December 31, 2005.

19 2. Five hundred twenty dollars beginning from and after December 31,
20 2005 through December 31, 2006.

21 3. Five hundred forty dollars beginning from and after December 31,
22 2006 through December 31, 2007.

23 4. Five hundred sixty dollars beginning from and after December 31,
24 2007 through December 31, 2008.

25 5. Five hundred eighty dollars beginning from and after December 31,
26 2008 through December 31, 2009.

27 6. Six hundred dollars beginning from and after December 31, 2009.

28 E. Prior to the levying of taxes for school purposes the board of
29 supervisors shall determine whether the total primary property taxes to be
30 levied for all taxing jurisdictions on each parcel of residential property,
31 in lieu of the provisions of this subsection, violate article IX, section 18,
32 Constitution of Arizona. For those properties that qualify for property tax
33 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of
34 Arizona, eligibility for the credit is determined on the basis of the limited
35 property value that corresponds to the taxable assessed value after reduction
36 for the applicable exemption. If the board of supervisors determines that
37 such a situation exists, the board shall apply a credit against the primary
38 property taxes due from each such parcel in the amount in excess of article
39 IX, section 18, Constitution of Arizona. Such excess amounts shall also be
40 additional state aid for education for the school district or districts in
41 which such parcel of property is located.

42 F. The clerk of the board of supervisors shall report to the
43 department of revenue not later than September 5 of each year the amount by
44 school district of additional state aid for education and the data used for
45 computing the amount as provided in subsection B of this section. The

1 department of revenue shall verify all of the amounts and report to the board
2 of supervisors not later than September 10 of each year the property tax rate
3 which shall be used for property tax reduction as provided in subsection E of
4 this section.

5 G. The clerk of the board of supervisors shall report to the
6 department of revenue not later than September 30 of each year in writing the
7 following:

8 1. The data processing specifications used in the calculations
9 provided for in subsections B and E of this section.

10 2. At a minimum, copies of two actual tax bills for residential
11 property for each distinct tax area.

12 H. The department of revenue shall report to the state board of
13 education not later than October 12 of each year the amount by school
14 district of additional state aid for education as provided in this section.
15 The additional state aid for education provided in this section shall be
16 apportioned as provided in section 15-973.

17 I. If a parcel of property is owned by a cooperative apartment
18 corporation or is owned by the tenants of a cooperative apartment corporation
19 as tenants in common, the reduction in the property taxes prescribed in
20 subsection D of this section shall not exceed the amounts listed in
21 subsection D of this section for each owner occupied housing unit on the
22 property. The assessed value used for determining the reduction in taxes for
23 the property is equal to the total assessed value of the property times the
24 ratio of the number of owner occupied housing units to the total number of
25 housing units on the property. For the purposes of this subsection,
26 "cooperative apartment corporation" means a corporation:

27 1. Having only one class of outstanding stock.

28 2. All of the stockholders of which are entitled, solely by reason of
29 their ownership of stock in the corporation, to occupy for dwelling purposes
30 apartments in a building owned or leased by such corporation and who are not
31 entitled, either conditionally or unconditionally, except upon a complete or
32 partial liquidation of the corporation, to receive any distribution not out
33 of earnings and profits of the corporation.

34 3. Eighty per cent or more of the gross income of which is derived
35 from tenant-stockholders. For the purposes of this paragraph, "gross income"
36 means gross income as defined by the United States internal revenue code, as
37 defined in section 43-105.

38 J. The total amount of state monies that may be spent in any fiscal
39 year for state aid for education in this section shall not exceed the amount
40 appropriated or authorized by section 35-173 for that purpose. This section
41 shall not be construed to impose a duty on an officer, agent or employee of
42 this state to discharge a responsibility or to create any right in a person
43 or group if the discharge or right would require an expenditure of state
44 monies in excess of the expenditure authorized by legislative appropriation
45 for that specific purpose.

1 K. For the purposes of this section:

2 1. "Owner" includes any purchaser under a contract of sale or under a
3 deed of trust.

4 2. "Residential property" includes all owner occupied real property
5 and improvements to the property and all owner occupied mobile homes that are
6 used for residential purposes.

7 Sec. 17. Section 15-977, Arizona Revised Statutes, is amended to read:
8 15-977. Classroom site fund; definitions

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

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

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

36 1. School district performance and school performance.

37 2. Measures of academic progress toward the academic standards adopted
38 by the state board of education.

39 3. Other measures of academic progress.

40 4. Dropout or graduation rates.

41 5. Attendance rates.

42 6. Ratings of school quality by parents.

43 7. Ratings of school quality by students.

44 8. The input of teachers and administrators.

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

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

6 11. Regular evaluation for effectiveness.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Class size reduction.

2. Teacher compensation increases.

3. AIMS intervention programs.

4. Teacher development.

5. Dropout prevention programs.

6. Teacher liability insurance premiums.

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

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

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

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

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

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

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

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

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

43 1. "AIMS intervention" means summer programs, after school programs,
44 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. 18. 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. 19. 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. 20. Soft capital formula: suspension for fiscal year
26 2011-2012

27 Notwithstanding section 15-962, Arizona Revised Statutes, the soft
28 capital allocation is suspended for fiscal year 2011-2012.

29 Sec. 21. Early graduation scholarship program: funding
30 suspension; temporary moratorium on new program
31 participants

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

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

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

44 D. If sufficient monies are available in the early graduation
45 scholarship fund established by section 15-105, Arizona Revised Statutes,

1 students who were admitted before July 1, 2009 to participate in the early
2 graduation scholarship program shall continue to receive funding to
3 participate in the program in fiscal year 2011-2012.

4 Sec. 22. Annual performance audit; AIMS intervention and
5 dropout prevention program; suspension in fiscal
6 year 2011-2012

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

11 Sec. 23. School facilities board; new construction moratorium

12 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised
13 Statutes, for fiscal year 2011-2012, the school facilities board shall not
14 authorize or award funding for the design or construction of any new school
15 facility and shall not authorize or award funding for school site
16 acquisitions.

17 B. During fiscal year 2011-2012, school districts shall submit capital
18 plans according to section 15-2041, subsection C, Arizona Revised Statutes.
19 The school facilities board may review and award new school facilities as
20 outlined in section 15-2041, Arizona Revised Statutes, subject to future
21 appropriations.

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

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

29 Sec. 24. Building renewal fund; suspension in fiscal year
30 2011-2012

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

34 Sec. 25. Special education cost study; suspension in fiscal
35 years 2011-2012 and 2012-2013

36 Notwithstanding section 15-236, Arizona Revised Statutes, the
37 department of education shall not conduct a cost study of special education
38 programs in fiscal year 2011-2012 or 2012-2013.

39 Sec. 26. Career ladder and optional performance incentive
40 programs; maximum base level increase for fiscal
41 years 2011-2012 through 2014-2015

42 A. Notwithstanding sections 15-918.04 and 15-919.04, Arizona Revised
43 Statutes, the maximum base level increase that is permitted for a school
44 district that participates in the career ladder program or the optional
45 performance incentive program shall be as follows:

- 1 1. For fiscal year 2011-2012, four per cent.
- 2 2. For fiscal year 2012-2013, three per cent.
- 3 3. For fiscal year 2013-2014, two per cent.
- 4 4. For fiscal year 2014-2015, one per cent.

5 B. For fiscal years 2011-2012 through 2014-2015, career ladder
6 programs and optional performance incentive programs are limited to teachers
7 who participated in those respective programs in the prior fiscal year.

8 Sec. 27. Capital outlay revenue limit reduction for school
9 districts for fiscal year 2011-2012

10 A. For fiscal year 2011-2012, the department of education shall reduce
11 by \$182,248,700 the amount of basic state aid that otherwise would be
12 apportioned to school districts statewide for fiscal year 2011-2012 for the
13 capital outlay revenue control limit prescribed in section 15-961, Arizona
14 Revised Statutes, and shall reduce school district budget limits accordingly.

15 B. For fiscal year 2011-2012, the department of education shall reduce
16 the capital outlay revenue limit for a school district that is not eligible
17 to receive basic state aid funding for fiscal year 2011-2012 by the amount
18 that its capital outlay revenue limit would be reduced pursuant to subsection
19 A of this section if the district was eligible to receive basic state aid
20 funding for fiscal year 2011-2012 and shall reduce the school district's
21 budget limits accordingly.

22 Sec. 28. Limitation on amount of bonded indebtedness for fiscal
23 years 2011-2012, 2012-2013, 2013-2014 and 2014-2015

24 A. Notwithstanding section 15-1021, Arizona Revised Statutes, in
25 fiscal years 2011-2012, 2012-2013, 2013-2014 and 2014-2015, the percentage
26 limitation prescribed in section 15-1021, subsection B, Arizona Revised
27 Statutes, is increased to ten per cent.

28 B. Notwithstanding section 15-1021, Arizona Revised Statutes, in
29 fiscal years 2011-2012, 2012-2013, 2013-2014 and 2014-2015, the percentage
30 limitation prescribed in section 15-1021, subsection D, Arizona Revised
31 Statutes, is increased to seventeen per cent.

32 Sec. 29. K-12 formula reductions; small districts; maximum

33 Notwithstanding any other law, the sum of soft capital and capital
34 outlay revenue limit reductions in fiscal year 2011-2012 for school districts
35 with fewer than 1,100 average daily membership pupils shall not exceed
36 \$5,000,000.

37 Sec. 30. Initial deposits in the Arizona department of
38 education information technology fund

39 On or before December 1, 2011, each community college district shall
40 transmit on a one-time basis six dollars per full-time student equivalent
41 according to the most recent audit and each university under the jurisdiction
42 of the Arizona board of regents shall transmit on a one-time basis six
43 dollars per actual university full-time equivalent student to the department
44 of education for deposit in the Arizona department of education information

1 technology fund established by section 15-249.02, Arizona Revised Statutes,
2 as added by this act.

3 Sec. 31. Department of education; contract for interactive
4 language and literacy software for English language
5 learners

6 A. On or before October 1, 2011, the department of education shall
7 issue a request for information to entities that specialize in language and
8 literacy software designed to provide instruction to pupils who are
9 classified as English language learners. Before issuance, the request for
10 information shall be submitted to the joint legislative budget committee for
11 review.

12 B. On or before February 1, 2012, the department of education shall
13 issue a request for proposals for providing school districts and charter
14 schools statewide with language and literacy software that provides an
15 interactive learning system for English language learners based on research
16 in language and literacy development, that provides individualized
17 instruction and that tracks student progress in real time. Before issuance,
18 the request for proposals shall be submitted to the joint legislative budget
19 committee for review.

20 C. On or before June 30, 2012, the department of education shall award
21 a contract in response to bids received pursuant to subsection B. Before
22 execution, the contract shall be submitted to the joint legislative budget
23 committee for review.

24 Sec. 32. Conforming legislation

25 The legislative council staff shall prepare proposed legislation
26 conforming the Arizona Revised Statutes to the delayed repeal of sections
27 15-918 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05, 15-919,
28 15-919.02, 15-919.03, 15-919.04, 15-919.05 and 15-919.06, Arizona Revised
29 Statutes, by this act, for consideration in the fifty-second legislature,
30 first regular session.