

State of Arizona  
Senate  
Fiftieth Legislature  
Second Regular Session  
2012

# SENATE BILL 1456

AN ACT

AMENDING SECTIONS 15-239, 15-808, 15-901, 15-915 AND 15-945, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 15-239, Arizona Revised Statutes, is amended to  
3 read:  
4 15-239. School compliance and recognition; accreditation;  
5 audits  
6 A. The department of education may:  
7 1. Monitor school districts to ascertain that laws applying to the  
8 school districts are implemented as prescribed by law.  
9 2. Adopt a system of recognition for school districts that meet or  
10 exceed the requirements of the law that apply to the school districts.  
11 3. Establish standards and procedures for the accreditation of all  
12 schools requesting state accreditation.  
13 B. The department of education may adopt guidelines necessary to  
14 implement this section.  
15 C. The department of education may conduct financial, compliance or  
16 average daily membership audits of school districts and charter schools.  
17 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the  
18 department of education shall include at least a ten per cent sample of daily  
19 attendance records as part of the average daily membership audits.  
20 D. The auditor general may conduct financial, program, compliance or  
21 average daily membership audits of school districts and charter schools.  
22 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the  
23 auditor general shall include at least a ten per cent sample of daily  
24 attendance records as part of the average daily membership audits.  
25 E. WHEN CONDUCTING MONITORING AND AUDIT ACTIVITIES ALLOWED BY THIS  
26 SECTION, THE DEPARTMENT OF EDUCATION SHALL PRESCRIBE AN AUDIT WINDOW OF UP TO  
27 THREE CONSECUTIVE FISCAL YEARS IMMEDIATELY PRECEDING THE CURRENT FISCAL YEAR  
28 AT THE TIME THE MONITORING OR AUDIT ACTIVITY COMMENCES. IF THE DEPARTMENT  
29 ISSUES FINDINGS WITHIN TWENTY-FOUR MONTHS AFTER THE BEGINNING OF AUDIT OR  
30 MONITORING ACTIVITIES, THE DEPARTMENT MAY ADJUST FUNDING TO A SCHOOL DISTRICT  
31 OR CHARTER SCHOOL IF ACTIONS THAT TOOK PLACE WITHIN THE AUDIT WINDOW RESULTED  
32 IN OVERPAYMENT OR UNDERPAYMENT OF STATE AID TO THE SCHOOL DISTRICT OR CHARTER  
33 SCHOOL.  
34 Sec. 2. Section 15-808, Arizona Revised Statutes, is amended to read:  
35 15-808. Arizona online instruction; reports; definitions  
36 A. Arizona online instruction shall be instituted to meet the needs of  
37 pupils in the information age. The state board of education shall select  
38 traditional public schools and the state board for charter schools shall  
39 sponsor charter schools to be online course providers or online schools. The  
40 state board of education and the state board for charter schools shall  
41 jointly develop standards for the approval of online course providers and  
42 online schools based on the following criteria:  
43 1. The depth and breadth of curriculum choices.

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

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

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

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

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

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

17          8. The services offered to developmentally disabled populations.

18          9. The grade levels that will be served.

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

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

43          D. The department of education shall compile the information submitted  
44 in the annual reports by schools participating in Arizona online instruction.  
45 The department of education shall submit the compiled report to the governor,

1 the speaker of the house of representatives and the president of the senate  
2 by November 15 of each year.

3 E. Each school selected for Arizona online instruction shall ensure  
4 that a daily log is maintained for each pupil who participates in Arizona  
5 online instruction. The daily log shall describe the amount of time spent by  
6 each pupil participating in Arizona online instruction pursuant to this  
7 section on academic tasks. The daily log shall be used by the school  
8 district or charter school to qualify the pupils who participate in Arizona  
9 online instruction in the school's average daily attendance calculations  
10 pursuant to subsection F of this section.

11 F. If a pupil is enrolled in a school district or charter school and  
12 also participates in Arizona online instruction, the sum of the average daily  
13 membership, which includes enrollment as prescribed in section 15-901,  
14 subsection A, paragraph 1, subdivisions (a) and (b) and daily attendance as  
15 prescribed in section 15-901, subsection A, paragraph 5, for that pupil in  
16 the school district or charter school and in Arizona online instruction shall  
17 not exceed 1.0. If the pupil is enrolled in a school district or a charter  
18 school and also participates in Arizona online instruction and the sum of the  
19 daily membership or daily attendance for that pupil is greater than 1.0, the  
20 sum shall be reduced to 1.0 and shall be apportioned between the school  
21 district, unless the school district is a joint technical education district  
22 subject to the apportionment requirements of section 15-393, or charter  
23 school and Arizona online instruction based on the percentage of total time  
24 that the pupil is enrolled or in attendance in the school district or charter  
25 school and Arizona online instruction. The uniform system of financial  
26 records shall include guidelines for the apportionment of the pupil  
27 enrollment and attendance as provided in this subsection. Pupils in Arizona  
28 online instruction do not incur absences for purposes of this subsection and  
29 may generate an average daily attendance of 1.0 for attendance hours during  
30 any hour of the day, during any day of the week and at any time between July  
31 1 and June 30 of each fiscal year. For kindergarten programs and grades one  
32 through eight, average daily membership shall be calculated by dividing the  
33 instructional hours as reported in the daily log required in subsection E of  
34 this section by the applicable hourly requirements prescribed in section  
35 15-901. For grades nine through twelve, average daily membership shall be  
36 calculated by dividing the instructional hours as reported in the daily log  
37 required in subsection E of this section by nine hundred. The average daily  
38 membership of a pupil who participates in online instruction shall not exceed  
39 1.0. Average daily membership shall not be calculated on the one hundredth  
40 day of instruction for the purposes of this section. Funding shall be  
41 determined as follows:

42 1. A pupil who is enrolled full-time in Arizona online instruction  
43 shall be funded for online instruction at ninety-five per cent of the base  
44 support level that would be calculated for that pupil if that pupil were  
45 enrolled as a full-time student in a school district or charter school that

1 does not participate in Arizona online instruction. Additional assistance,  
2 capital outlay revenue limit and soft capital allocation limit shall be  
3 calculated in the same manner they would be calculated if the student were  
4 enrolled in a district or charter school that does not participate in Arizona  
5 online instruction.

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

15 G. NOTWITHSTANDING SUBSECTION F OF THIS SECTION, IF A PUPIL IS  
16 ENROLLED IN A SCHOOL DISTRICT OR A CHARTER SCHOOL AND ALSO PARTICIPATES IN  
17 ARIZONA ONLINE INSTRUCTION, THE PUPIL SHALL NOT GENERATE ARIZONA ONLINE  
18 INSTRUCTION AVERAGE DAILY MEMBERSHIP BETWEEN MAY 1 TO JULY 31. A PUBLIC  
19 SCHOOL MAY CHARGE TUITION IF THE STUDENT ENROLLS IN ARIZONA ONLINE  
20 INSTRUCTION ANY TIME BETWEEN APRIL 1 AND JULY 31.

21 ~~G.~~ H. If the academic achievement of a pupil declines while the pupil  
22 is participating in Arizona online instruction, the pupil's parents, the  
23 pupil's teachers and the principal or head teacher of the school shall confer  
24 to evaluate whether the pupil should be allowed to continue to participate in  
25 Arizona online instruction.

26 ~~H.~~ I. To ensure the academic integrity of pupils who participate in  
27 online instruction, Arizona online instruction shall include multiple diverse  
28 assessment measures and the proctored administration of required state  
29 standardized tests.

30 ~~I.~~ J. For the purposes of this section:

31 1. "Full-time student" means:

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

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

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

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

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

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

18 4. "Part-time student" means:

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

24 (b) A part-time student of seventy-five per cent average daily  
25 membership shall be enrolled in at least three subjects throughout the year  
26 that offer for first, second and third grade students at least five hundred  
27 thirty-four instructional hours in a school year and for fourth, fifth and  
28 sixth grade students at least six hundred sixty-eight instructional hours in  
29 a school year. A part-time student of fifty per cent average daily  
30 membership shall be enrolled in at least two subjects throughout the year  
31 that offer for first, second and third grade students at least three hundred  
32 fifty-six instructional hours in a school year and for fourth, fifth and  
33 sixth grade students at least four hundred forty-five instructional hours in  
34 a school year. A part-time student of twenty-five per cent average daily  
35 membership shall be enrolled in at least one subject throughout the year that  
36 offers for first, second and third grade students at least one hundred  
37 seventy-eight instructional hours in a school year and for fourth, fifth and  
38 sixth grade students at least two hundred twenty-three instructional hours in  
39 a school year.

40 (c) For seventh and eighth grade students, a part-time student of  
41 seventy-five per cent average daily membership shall be enrolled in at least  
42 three subjects throughout the year that offer at least eight hundred one  
43 instructional hours in a school year. A part-time student of fifty per cent  
44 average daily membership shall be enrolled in at least two subjects  
45 throughout the year that offer at least five hundred thirty-four

1 instructional hours in a school year. A part-time student of twenty-five per  
2 cent average daily membership shall be enrolled in at least one subject  
3 throughout the year that offers at least two hundred sixty-seven  
4 instructional hours in a school year.

5 (d) For high school students, a part-time student of seventy-five per  
6 cent average daily membership shall be enrolled in at least three subjects  
7 throughout the year that offer at least six hundred seventy-five  
8 instructional hours in a school year. A part-time student of fifty per cent  
9 average daily membership shall be enrolled in at least two subjects  
10 throughout the year that offer at least four hundred fifty instructional  
11 hours in a school year. A part-time student of twenty-five per cent average  
12 daily membership shall be enrolled in at least one subject throughout the  
13 year that offers at least two hundred twenty-five instructional hours in a  
14 school year.

15 Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to read:

16 15-901. Definitions

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

18 1. "Average daily membership" means the total enrollment of fractional  
19 students and full-time students, minus withdrawals, ~~who are enrolled on~~  
20 ~~September 15, November 15, January 15 and March 15, divided by four~~ OF EACH  
21 SCHOOL DAY THROUGH THE FIRST ONE HUNDRED DAYS OR TWO HUNDRED DAYS IN SESSION,  
22 AS APPLICABLE, FOR THE CURRENT YEAR. Withdrawals include students formally  
23 withdrawn from schools and students absent for ten consecutive school days,  
24 except for excused absences identified by the department of education. For  
25 the purposes of this section, school districts and charter schools shall  
26 report student absence data to the department of education at least once  
27 every sixty days in session. For computation purposes, the effective date of  
28 withdrawal shall be retroactive to the last day of actual attendance of the  
29 student or excused absence.

30 (a) "Fractional student" means:

31 (i) For common schools, a preschool child who is enrolled in a program  
32 for preschool children with disabilities of at least three hundred sixty  
33 minutes each week or a kindergarten student at least five years of age before  
34 January 1 of the school year and enrolled in a school kindergarten program  
35 that meets at least three hundred fifty-six hours for a one hundred eighty  
36 day school year, or the instructional hours prescribed in this section.  
37 Lunch periods and recess periods may not be included as part of the  
38 instructional hours unless the child's individualized education program  
39 requires instruction during those periods and the specific reasons for such  
40 instruction are fully documented. In computing the average daily membership,  
41 preschool children with disabilities and kindergarten students shall be  
42 counted as one-half of a full-time student. For common schools, a part-time  
43 student is a student enrolled for less than the total time for a full-time  
44 student as defined in this section. A part-time common school student shall  
45 be counted as one-fourth, one-half or three-fourths of a full-time student if

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

4 (ii) For high schools, a part-time student who is enrolled in less  
5 than four subjects that count toward graduation as defined by the state board  
6 of education, EACH OF WHICH, IF TAUGHT EACH SCHOOL DAY FOR THE MINIMUM NUMBER  
7 OF DAYS REQUIRED IN A SCHOOL YEAR, WOULD MEET A MINIMUM OF ONE HUNDRED  
8 TWENTY-THREE HOURS A YEAR, OR THE EQUIVALENT, in a recognized high school.  
9 The average daily membership of a part-time high school student shall be 0.75  
10 if the student is enrolled in an instructional program of three subjects that  
11 meet at least five hundred forty hours for a one hundred eighty day school  
12 year, or the instructional hours prescribed in this section. The average  
13 daily membership of a part-time high school student shall be 0.5 if the  
14 student is enrolled in an instructional program of two subjects that meet at  
15 least three hundred sixty hours for a one hundred eighty day school year, or  
16 the instructional hours prescribed in this section. The average daily  
17 membership of a part-time high school student shall be 0.25 if the student is  
18 enrolled in an instructional program of one subject that meets at least one  
19 hundred eighty hours for a one hundred eighty day school year, or the  
20 instructional hours prescribed in this section.

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

22 (i) For common schools, a student who is at least six years of age  
23 before January 1 of a school year, who has not graduated from the highest  
24 grade taught in the school district and who is regularly enrolled in a course  
25 of study required by the state board of education. First, second and third  
26 grade students, ungraded students at least six, but under nine, years of age  
27 by September 1 or ungraded group B children with disabilities who are at  
28 least five, but under six, years of age by September 1 must be enrolled in an  
29 instructional program that meets for a total of at least seven hundred twelve  
30 hours for a one hundred eighty day school year, or the instructional hours  
31 prescribed in this section. Fourth, fifth and sixth grade students or  
32 ungraded students at least nine, but under twelve, years of age by September  
33 1 must be enrolled in an instructional program that meets for a total of at  
34 least eight hundred ninety hours for a one hundred eighty day school year, or  
35 the instructional hours prescribed in this section. Seventh and eighth grade  
36 students or ungraded students at least twelve, but under fourteen, years of  
37 age by September 1 must be enrolled in an instructional program that meets  
38 for at least one thousand hours. Lunch periods and recess periods may not be  
39 included as part of the instructional hours unless the student is a child  
40 with a disability and the child's individualized education program requires  
41 instruction during those periods and the specific reasons for such  
42 instruction are fully documented.

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

1 in at least an instructional program of four or more subjects that count  
2 toward graduation as defined by the state board of education, EACH OF WHICH,  
3 IF TAUGHT EACH SCHOOL DAY FOR THE MINIMUM NUMBER OF DAYS REQUIRED IN A SCHOOL  
4 YEAR, WOULD MEET A MINIMUM OF ONE HUNDRED TWENTY-THREE HOURS A YEAR, OR THE  
5 EQUIVALENT, that meets for a total of at least seven hundred twenty hours for  
6 a one hundred eighty day school year, or the instructional hours prescribed  
7 in this section in a recognized high school. A full-time student shall not  
8 be counted more than once for computation of average daily membership. The  
9 average daily membership of a full-time high school student shall be 1.0 if  
10 the student is enrolled in at least four subjects that meet at least seven  
11 hundred twenty hours for a one hundred eighty day school year, or the  
12 equivalent instructional hours prescribed in this section.

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

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

22 (v) Except as otherwise provided by law, for any student who is  
23 concurrently enrolled, pursuant to section 15-808, in a school district and  
24 Arizona online instruction or a charter school and Arizona online  
25 instruction, the average daily membership shall be apportioned between the  
26 school district and Arizona online instruction or the charter school and  
27 Arizona online instruction and shall not exceed 1.0. The apportionment shall  
28 be based on the percentage of total time that the student is enrolled in or  
29 in attendance at the school district and Arizona online instruction or the  
30 charter school and Arizona online instruction.

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

33 2. "Budget year" means the fiscal year for which the school district  
34 is budgeting and that immediately follows the current year.

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

38 (a) Grades one through eight.

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

40 4. "Current year" means the fiscal year in which a school district is  
41 operating.

42 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

36 (c) For common schools, the attendance of a preschool child with  
37 disabilities shall be counted as one-fourth day's attendance for each  
38 thirty-six minutes of attendance not including lunch periods and recess  
39 periods, except as provided in paragraph 1, subdivision (a), item (i) of this  
40 subsection for children with disabilities up to a maximum of three hundred  
41 sixty minutes each week.

42 (d) For high schools or ungraded schools in which the pupil is at  
43 least fourteen years of age by September 1, the attendance of a pupil shall  
44 not be counted as a full day unless the pupil is actually and physically in  
45 attendance and enrolled in and carrying four subjects, each of which, if

1 taught each school day for the minimum number of days required in a school  
2 year, would meet a minimum of one hundred twenty hours a year, or the  
3 equivalent, that count toward graduation in a recognized high school except  
4 as provided in section 15-797 and subdivision (e) of this paragraph.  
5 Attendance of a pupil carrying less than the load prescribed shall be  
6 prorated.

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

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

16 (g) For school districts that maintain school for an approved  
17 year-round school year operation, attendance shall be based on a computation,  
18 as prescribed by the superintendent of public instruction, of the one hundred  
19 eighty days' equivalency or two hundred days' equivalency, as applicable, of  
20 instructional time as approved by the superintendent of public instruction  
21 during which each pupil is enrolled.

22 6. "Daily route mileage" means the sum of:

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

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

36 7. "District support level" means the base support level plus the  
37 transportation support level.

38 8. "Eligible students" means:

39 (a) Students who are transported by or for a school district and who  
40 qualify as full-time students or fractional students, except students for  
41 whom transportation is paid by another school district or a county school  
42 superintendent, and:

43 (i) For common school students, whose place of actual residence within  
44 the school district is more than one mile from the school facility of  
45 attendance or students who are admitted pursuant to section 15-816.01 and who

1 meet the economic eligibility requirements established under the national  
2 school lunch and child nutrition acts (42 United States Code sections 1751  
3 through 1785) for free or reduced price lunches and whose actual place of  
4 residence outside the school district boundaries is more than one mile from  
5 the school facility of attendance.

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

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

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

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

26 9. "Enrolled" or "enrollment" means when a pupil is currently  
27 registered in the school district.

28 10. "GDP price deflator" means the average of the four implicit price  
29 deflators for the gross domestic product reported by the United States  
30 department of commerce for the four quarters of the calendar year.

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

36 12. "Revenue control limit" means the base revenue control limit plus  
37 the transportation revenue control limit.

38 13. "Student count" means average daily membership as prescribed in  
39 this subsection for the fiscal year before the current year, except that for  
40 the purpose of budget preparation student count means average daily  
41 membership as prescribed in this subsection for the current year.

42 14. "Submit electronically" means submitted in a format and in a manner  
43 prescribed by the department of education.

44 15. "Total bus mileage" means the total number of miles driven by all  
45 buses of a school district during the school year.

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

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

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

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

12           2. "Base level" means the following amounts plus the percentage  
13 increases to the base level as provided in sections 15-902.02, 15-918.04,  
14 15-919.04 and 15-952, except that if a school district or charter school is  
15 eligible for an increase in the base level as provided in two or more of  
16 these sections, the base level amount shall be calculated by compounding  
17 rather than adding the sum of one plus the percentage of the increase from  
18 those different sections:

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

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

23           (c) For fiscal years 2009-2010, 2010-2011 and 2011-2012, three  
24 thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

38           7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
39 emotional disabilities, mild intellectual disabilities, a specific learning  
40 disability, a speech/language impairment and other health impairments. A  
41 preschool child who is categorized as SLI under this paragraph is not  
42 eligible to receive funding pursuant to section 15-943, paragraph 2,  
43 subdivision (b).

1           8. "ED-P" means programs for children with emotional disabilities who  
2 are enrolled in private special education programs as prescribed in section  
3 15-765, subsection D, paragraph 1 or in an intensive school district program  
4 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

16           11. "Group A" means educational programs for career exploration, a  
17 specific learning disability, an emotional disability, a mild intellectual  
18 disability, remedial education, a speech/language impairment, developmental  
19 delay, homebound, bilingual, other health impairments and gifted pupils.

20           12. "Group B" means educational improvements for pupils in kindergarten  
21 programs and grades one through three, educational programs for autism, a  
22 hearing impairment, a moderate intellectual disability, multiple  
23 disabilities, multiple disabilities with severe sensory impairment,  
24 orthopedic impairments, preschool severe delay, a severe intellectual  
25 disability and emotional disabilities for school age pupils enrolled in  
26 private special education programs or in school district programs for  
27 children with severe disabilities or visual impairment and English learners  
28 enrolled in a program to promote English language proficiency pursuant to  
29 section 15-752.

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

31           14. "Homebound" or "hospitalized" means a pupil who is capable of  
32 profiting from academic instruction but is unable to attend school due to  
33 illness, disease, accident or other health conditions, who has been examined  
34 by a competent medical doctor and who is certified by that doctor as being  
35 unable to attend regular classes for a period of not less than three school  
36 months or a pupil who is capable of profiting from academic instruction but  
37 is unable to attend school regularly due to chronic or acute health problems,  
38 who has been examined by a competent medical doctor and who is certified by  
39 that doctor as being unable to attend regular classes for intermittent  
40 periods of time totaling three school months during a school year. The  
41 medical certification shall state the general medical condition, such as  
42 illness, disease or chronic health condition, that is the reason that the  
43 pupil is unable to attend school. Homebound or hospitalized includes a  
44 student who is unable to attend school for a period of less than three months  
45 due to a pregnancy if a competent medical doctor, after an examination,

1 certifies that the student is unable to attend regular classes due to risk to  
2 the pregnancy or to the student's health.

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

4 16. "MD-R, A-R and SID-R" means resource programs for pupils with  
5 multiple disabilities, autism and severe intellectual disability.

6 17. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils  
7 with multiple disabilities, autism and severe intellectual disability.

8 18. "MD-SSI" means a program for pupils with multiple disabilities with  
9 severe sensory impairment.

10 19. "MOID" means programs for pupils with moderate intellectual  
11 disability.

12 20. "OI-R" means a resource program for pupils with orthopedic  
13 impairments.

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

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

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

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

23 25. "Small isolated school district" means a school district that meets  
24 all of the following:

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

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

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

34 26. "Small school district" means a school district that meets all of  
35 the following:

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

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

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

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

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

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

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

6           Sec. 4. Section 15-915, Arizona Revised Statutes, is amended to read:

7           15-915. Correction of state aid or budget limit errors;  
8                                   definition

9           A. If the superintendent of public instruction determines that the  
10 calculation of state aid for a school district or charter school or the  
11 calculation of the school district's or charter school's budget limits within  
12 the previous ~~year~~ THREE YEARS did not conform with statutory requirements,  
13 the superintendent shall require correction of the errors as follows:

14           1. Corrections may be made in the current year or in the budget year,  
15 except that in case of hardship to the school district, the superintendent  
16 may approve corrections partly in one year and partly in the year after that  
17 year.

18           2. Errors in the calculation of state aid shall be corrected by  
19 increasing or decreasing the state aid to the school district or charter  
20 school in the year or years in which the correction is made.

21           3. Errors in the calculation of the school district's or charter  
22 school's budget limits shall be corrected at a public hearing by requiring  
23 the governing board to reduce or by allowing it to increase its budget by the  
24 amount of the correction to be made that year. Overbudgeting errors  
25 corrected as provided in this paragraph are exempt from section 15-905,  
26 subsections L and M. Not later than three days after the hearing and  
27 correction, the budget as revised shall be submitted electronically to the  
28 superintendent of public instruction. ~~Nothing in~~ This paragraph shall NOT be  
29 construed to require a decrease in state aid not otherwise required by  
30 paragraph 2 of this subsection.

31           B. Subject to the review by the joint legislative budget committee,  
32 the superintendent of public instruction shall adjust state aid for a school  
33 district in the current year if the governing board of a school district  
34 requests the recalculation of state aid for a prior year due to a change in  
35 assessed valuation that occurred as the result of a judgment in accordance  
36 with section 42-16213.

37           C. Notwithstanding subsection A of this section, a school district or  
38 charter school may not make upward revisions to its average daily membership  
39 counts for a particular school year after June 30 of the subsequent school  
40 year.

41           D. For the purposes of this section, "state aid":

42           1. For school districts means state aid as determined in section  
43 15-971 and additional state aid as determined in section 15-972.

44           2. For charter schools means state aid as determined in section  
45 15-185.

1           Sec. 5. Section 15-945, Arizona Revised Statutes, is amended to read:  
2           15-945. Transportation support level

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

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

7           2. Multiply the figure obtained in paragraph 1 of this subsection by  
8 one hundred eighty, **OR FOR A SCHOOL DISTRICT THAT ELECTS TO PROVIDE TWO**  
9 **HUNDRED DAYS OF INSTRUCTION PURSUANT TO SECTION 15-902.04, MULTIPLY THE**  
10 **FIGURE OBTAINED IN PARAGRAPH 1 OF THIS SUBSECTION BY TWO HUNDRED.**

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

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

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route	District Type	District Type	District Type
Mileage per Eligible Student Transported	<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 trips as determined in subsection B of this section and the support level for extended school year services for pupils with disabilities as determined in subsection C of this section.

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

1           Sec. 6. Leased joint technical education facilities: average  
2                           daily membership calculation for fiscal year  
3                           2012-2013

4           Notwithstanding any other law, for fiscal year 2012-2013, the sum of  
5 the average daily membership of a pupil who is enrolled both in a member  
6 school district and in courses provided at a facility that is currently  
7 leased and operated by the joint technical education district on the  
8 effective date of this act and that is not located on the site of the  
9 student's member district shall not exceed 1.75.

10           Sec. 7. Retroactivity

11           Sections 15-239, 15-901, 15-915 and 15-945, Arizona Revised Statutes,  
12 as amended by this act, apply retroactively to from and after June 30, 2012.