

REFERENCE TITLE: K-12 education; budget reconciliation; 2012-2013.

State of Arizona  
Senate  
Fiftieth Legislature  
Second Regular Session  
2012

## **SB 1529**

Introduced by  
Senators Shooter, Biggs, Pierce S (with permission of Committee on Rules)

### **AN ACT**

AMENDING SECTIONS 15-185, 15-901, 15-945, 15-2011, 15-2032 AND 15-2041,  
ARIZONA REVISED STATUTES; 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, is amended to  
3 read:

4 15-185. Charter schools; financing; civil penalty;  
5 transportation; definitions

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

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

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

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

26 (a) Increase its student count as provided in subsection B, paragraph  
27 2 of this section during the first year of the charter school's operation to  
28 include those charter school pupils who were not previously enrolled in the  
29 school district. A charter school sponsored by a school district governing  
30 board is eligible for the assistance prescribed in subsection B, paragraph 4  
31 of this section. The soft capital allocation as provided in section 15-962  
32 for the school district sponsoring the charter school shall be increased by  
33 the amount of the additional assistance. The school district shall include  
34 the full amount of the additional assistance in the funding provided to the  
35 charter school.

36 (b) Compute separate weighted student counts pursuant to section  
37 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
38 school pupils in order to maintain eligibility for small school district  
39 support level weights authorized in section 15-943, paragraph 1 for its  
40 noncharter school pupils only. The portion of a district's student count  
41 that is attributable to charter school pupils is not eligible for small  
42 school district support level weights.

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

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

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

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

B. Financial provisions for a charter school that is 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 are as follows:

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

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, of the charter school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education, the state board for charter schools, the sponsoring university, the sponsoring community college district or the sponsoring group of community college districts may require a charter school to report periodically regarding pupil enrollment and attendance, and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

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

4           4. Equalization assistance for the charter school shall be determined  
5 by adding the amount of the base support level and additional assistance.  
6 The amount of the additional assistance is one thousand six hundred  
7 ~~twenty-one~~ FORTY-NINE dollars ~~ninety-seven~~ FIFTY-FOUR cents per student count  
8 in kindergarten programs and grades one through eight and one thousand ~~eight~~  
9 NINE hundred ~~ninety~~ TWENTY-TWO dollars ~~thirty-eight~~ FIFTY-TWO cents per  
10 student count in grades nine through twelve.

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

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

20           7. Not later than noon on the day preceding each apportionment date  
21 established by paragraph 5 of this subsection, the superintendent of public  
22 instruction shall furnish to the state treasurer an abstract of the  
23 apportionment and shall certify the apportionment to the department of  
24 administration, which shall draw its warrant in favor of the charter schools  
25 for the amount apportioned.

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

1 school district participating in the joint technical education district, the  
2 sum of the average daily membership for that pupil in the charter school and  
3 the joint technical education district shall be reduced to 1.25 and shall be  
4 apportioned between the charter school and the joint technical education  
5 district based on the percentage of total time that the pupil is enrolled or  
6 in attendance in the charter school and the joint technical education  
7 district. The uniform system of financial records shall include guidelines  
8 for the apportionment of the pupil enrollment and attendance as provided in  
9 this section.

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

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

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

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

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

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

45 G. At the request of a charter school, the county school  
46 superintendent of the county where the charter school is located may provide

1 the same educational services to the charter school as prescribed in section  
2 15-308, subsection A. The county school superintendent may charge a fee to  
3 recover costs for providing educational services to charter schools.

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

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

41 J. A charter school may receive and spend monies distributed by the  
42 department of education pursuant to section 42-5029, subsection E and section  
43 37-521, subsection B.

44 K. If a school district transports or contracts to transport pupils to  
45 the Arizona state schools for the deaf and the blind during any fiscal year,  
46 the school district may transport or contract with a charter school to

1 transport sensory impaired pupils during that same fiscal year to a charter  
2 school if requested by the parent of the pupil and if the distance from the  
3 pupil's place of actual residence within the school district to the charter  
4 school is less than the distance from the pupil's place of actual residence  
5 within the school district to the campus of the Arizona state schools for the  
6 deaf and the blind.

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

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

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

25 O. If permitted by federal law, a charter school may opt out of  
26 federal grant opportunities if the charter holder or the appropriate  
27 governing body of the charter school determines that the federal requirements  
28 impose unduly burdensome reporting requirements.

29 P. For the purposes of this section:

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

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

42 Sec. 2. Section 15-901, Arizona Revised Statutes, is amended to read:

43 15-901. Definitions

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

45 1. "Average daily membership" means the total enrollment of fractional  
46 students and full-time students, minus withdrawals, who are enrolled on

1 September 15, November 15, January 15 and March 15, divided by four.  
2 Withdrawals include students formally withdrawn from schools and students  
3 absent for ten consecutive school days, except for excused absences  
4 identified by the department of education. For the purposes of this section,  
5 school districts and charter schools shall report student absence data to the  
6 department of education at least once every sixty days in session. For  
7 computation purposes, the effective date of withdrawal shall be retroactive  
8 to the last day of actual attendance of the student or excused absence.

9 (a) "Fractional student" means:

10 (i) For common schools, a preschool child who is enrolled in a program  
11 for preschool children with disabilities of at least three hundred sixty  
12 minutes each week or a kindergarten student at least five years of age before  
13 January 1 of the school year and enrolled in a school kindergarten program  
14 that meets at least three hundred fifty-six hours for a one hundred eighty  
15 day school year, or the instructional hours prescribed in this section.  
16 Lunch periods and recess periods may not be included as part of the  
17 instructional hours unless the child's individualized education program  
18 requires instruction during those periods and the specific reasons for such  
19 instruction are fully documented. In computing the average daily membership,  
20 preschool children with disabilities and kindergarten students shall be  
21 counted as one-half of a full-time student. For common schools, a part-time  
22 student is a student enrolled for less than the total time for a full-time  
23 student as defined in this section. A part-time common school student shall  
24 be counted as one-fourth, one-half or three-fourths of a full-time student if  
25 the student is enrolled in an instructional program that is at least  
26 one-fourth, one-half or three-fourths of the time a full-time student is  
27 enrolled as defined in subdivision (b) of this paragraph.

28 (ii) For high schools, a part-time student who is enrolled in less  
29 than four subjects that count toward graduation as defined by the state board  
30 of education in a recognized high school. The average daily membership of a  
31 part-time high school student shall be 0.75 if the student is enrolled in an  
32 instructional program of three subjects that meet at least five hundred forty  
33 hours for a one hundred eighty day school year, or the instructional hours  
34 prescribed in this section. The average daily membership of a part-time high  
35 school student shall be 0.5 if the student is enrolled in an instructional  
36 program of two subjects that meet at least three hundred sixty hours for a  
37 one hundred eighty day school year, or the instructional hours prescribed in  
38 this section. The average daily membership of a part-time high school  
39 student shall be 0.25 if the student is enrolled in an instructional program  
40 of one subject that meets at least one hundred eighty hours for a one hundred  
41 eighty day school year, or the instructional hours prescribed in this  
42 section.

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

44 (i) For common schools, a student who is at least six years of age  
45 before January 1 of a school year, who has not graduated from the highest  
46 grade taught in the school district and who is regularly enrolled in a course



1 of study required by the state board of education. First, second and third  
2 grade students, ungraded students at least six, but under nine, years of age  
3 by September 1 or ungraded group B children with disabilities who are at  
4 least five, but under six, years of age by September 1 must be enrolled in an  
5 instructional program that meets for a total of at least seven hundred twelve  
6 hours for a one hundred eighty day school year, or the instructional hours  
7 prescribed in this section. Fourth, fifth and sixth grade students or  
8 ungraded students at least nine, but under twelve, years of age by September  
9 1 must be enrolled in an instructional program that meets for a total of at  
10 least eight hundred ninety hours for a one hundred eighty day school year, or  
11 the instructional hours prescribed in this section. Seventh and eighth grade  
12 students or ungraded students at least twelve, but under fourteen, years of  
13 age by September 1 must be enrolled in an instructional program that meets  
14 for at least one thousand hours. Lunch periods and recess periods may not be  
15 included as part of the instructional hours unless the student is a child  
16 with a disability and the child's individualized education program requires  
17 instruction during those periods and the specific reasons for such  
18 instruction are fully documented.

19 (ii) For high schools, except as provided in section 15-105, a student  
20 not graduated from the highest grade taught in the school district, or an  
21 ungraded student at least fourteen years of age by September 1, and enrolled  
22 in at least an instructional program of four or more subjects that count  
23 toward graduation as defined by the state board of education, that meets for  
24 a total of at least seven hundred twenty hours for a one hundred eighty day  
25 school year, or the instructional hours prescribed in this section in a  
26 recognized high school. A full-time student shall not be counted more than  
27 once for computation of average daily membership. The average daily  
28 membership of a full-time high school student shall be 1.0 if the student is  
29 enrolled in at least four subjects that meet at least seven hundred twenty  
30 hours for a one hundred eighty day school year, or the equivalent  
31 instructional hours prescribed in this section.

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

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

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

1 be based on the percentage of total time that the student is enrolled in or  
2 in attendance at the school district and Arizona online instruction or the  
3 charter school and Arizona online instruction.

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

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

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

11 (a) Grades one through eight.

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

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

15 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

(d) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil shall not be counted as a full day unless the pupil is actually and physically in attendance and enrolled in and carrying 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 hours a year, or the equivalent, that count toward graduation in a recognized high school except as provided in section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil carrying less than the load prescribed shall be prorated.

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

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

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

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

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

(b) The total number of miles driven daily 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 student from the place of his residence to a school transportation pickup point or to the school of attendance and from the school

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

5 7. "District support level" means the base support level plus the  
6 transportation support level.

7 8. "Eligible students" means:

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

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

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

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

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

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

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

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

45 11. "High school district" means a political subdivision of this state  
46 offering instruction to students for grades nine through twelve or that

1 portion of the budget of a common school district that is allocated to  
2 teaching high school subjects with permission of the state board of  
3 education.

4 12. "Revenue control limit" means the base revenue control limit plus  
5 the transportation revenue control limit.

6 13. "Student count" means average daily membership as prescribed in  
7 this subsection for the fiscal year before the current year, except that for  
8 the purpose of budget preparation student count means average daily  
9 membership as prescribed in this subsection for the current year.

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

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

14 16. "Total students transported" means all eligible students  
15 transported from their place of residence to a school transportation pickup  
16 point or to the school of attendance and from the school of attendance or  
17 from the school transportation scheduled return point to their place of  
18 residence.

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

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

23 1. "Base" means the revenue level per student count specified by the  
24 legislature.

25 2. "Base level" means the following amounts plus the percentage  
26 increases to the base level as provided in sections 15-902.02, 15-918.04,  
27 15-919.04 and 15-952, except that if a school district or charter school is  
28 eligible for an increase in the base level as provided in two or more of  
29 these sections, the base level amount shall be calculated by compounding  
30 rather than adding the sum of one plus the percentage of the increase from  
31 those different sections:

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

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

36 (c) For fiscal years 2009-2010, 2010-2011, ~~and 2011-2012,~~ **AND**  
37 **2012-2013**, three thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

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

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

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

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

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

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

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

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

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

14. "Homebound" or "hospitalized" means a pupil who is capable of profiting from academic instruction but is unable to attend school due to illness, disease, accident or other health conditions, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for a period of not less than three school months or a pupil who is capable of profiting from academic instruction but

1 is unable to attend school regularly due to chronic or acute health problems,  
 2 who has been examined by a competent medical doctor and who is certified by  
 3 that doctor as being unable to attend regular classes for intermittent  
 4 periods of time totaling three school months during a school year. The  
 5 medical certification shall state the general medical condition, such as  
 6 illness, disease or chronic health condition, that is the reason that the  
 7 pupil is unable to attend school. Homebound or hospitalized includes a  
 8 student who is unable to attend school for a period of less than three months  
 9 due to a pregnancy if a competent medical doctor, after an examination,  
 10 certifies that the student is unable to attend regular classes due to risk to  
 11 the pregnancy or to the student's health.

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

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

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

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

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

21 20. "OI-R" means a resource program for pupils with orthopedic  
 22 impairments.

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

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

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

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

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

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

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

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

43 26. "Small school district" means a school district that meets all of  
 44 the following:

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

(b) Contains at least one school that is fewer than thirty miles by the most reasonable route from another school that 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. 3. 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 <del>2011-2012</del> <u>2012-2013</u>
0.5 or less	<del>2.37</del> 2.41
More than 0.5 through 1.0	<del>1.93</del> 1.96
More than 1.0	<del>2.37</del> 2.41

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 Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <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.

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

4 Sec. 4. Section 15-2011, Arizona Revised Statutes, is amended to read:

5 15-2011. Minimum school facility adequacy requirements:  
6 definition

7 A. The school facilities board, as determined and prescribed in this  
8 chapter, shall provide funding to school districts for new construction as  
9 the projected number of pupils in the district will fill the existing school  
10 facilities and require more pupil space.

11 B. School buildings in a school district are adequate if all of the  
12 following requirements are met:

13 1. The buildings contain sufficient and appropriate space and  
14 equipment that comply with the minimum school facility adequacy guidelines  
15 established pursuant to subsection F of this section. The state shall not  
16 fund facilities for elective courses that require the school district  
17 facilities to exceed minimum school facility adequacy requirements. The  
18 school facilities board shall determine whether a school building meets the  
19 requirements of this paragraph by analyzing the total square footage that is  
20 available for each pupil in conjunction with the need for specialized spaces  
21 and equipment.

22 2. The buildings are in compliance with federal, state and local  
23 building and fire codes and laws that are applicable to the particular  
24 building. An existing school building is not required to comply with current  
25 requirements for new buildings unless this compliance is specifically  
26 mandated by law or by the building or fire code of the jurisdiction where the  
27 building is located.

28 3. The building systems, including roofs, plumbing, telephone systems,  
29 electrical systems, heating systems and cooling systems, are in working order  
30 and are capable of being properly maintained.

31 4. The buildings are structurally sound.

32 C. The standards that shall be used by the school facilities board to  
33 determine whether a school building meets the minimum adequate gross square  
34 footage requirements are as follows:

35 1. For a school district that provides instruction to pupils in  
36 programs for preschool children with disabilities, kindergarten programs and  
37 grades one through six, eighty square feet per pupil in programs for  
38 preschool children with disabilities, kindergarten programs and grades one  
39 through six.

40 2. For a school district that provides instruction to up to eight  
41 hundred pupils in grades seven and eight, eighty-four square feet per pupil  
42 in grades seven and eight.

43 3. For a school district that provides instruction to more than eight  
44 hundred pupils in grades seven and eight, eighty square feet per pupil in  
45 grades seven and eight or sixty-seven thousand two hundred square feet,  
46 whichever is more.

1           4. For a school district that provides instruction to up to four  
2 hundred pupils in grades nine through twelve, one hundred twenty-five square  
3 feet per pupil in grades nine through twelve.

4           5. For a school district that provides instruction to more than four  
5 hundred and up to one thousand pupils in grades nine through twelve, one  
6 hundred twenty square feet per pupil in grades nine through twelve or fifty  
7 thousand square feet, whichever is more.

8           6. For a school district that provides instruction to more than one  
9 thousand and up to one thousand eight hundred pupils in grades nine through  
10 twelve, one hundred twelve square feet per pupil in grades nine through  
11 twelve or one hundred twenty thousand square feet, whichever is more.

12          7. For a school district that provides instruction to more than one  
13 thousand eight hundred pupils in grades nine through twelve, ninety-four  
14 square feet per pupil in grades nine through twelve or two hundred one  
15 thousand six hundred square feet, whichever is more.

16          D. The school facilities board may modify the square footage  
17 requirements prescribed in subsection C of this section or modify the amount  
18 of monies awarded to cure the square footage deficiency pursuant to this  
19 section for particular school districts based on extraordinary circumstances  
20 for any of the following considerations:

21           1. The number of pupils served by the school district.

22           2. Geographic factors.

23           3. Grade configurations other than those prescribed in subsection C of  
24 this section.

25          E. In measuring the square footage per pupil requirements of  
26 subsection C of this section, the school facilities board shall:

27           1. Use the most recent one hundredth day average daily membership.

28           2. For each school, use the lesser of either:

29           (a) Total gross square footage.

30           (b) Student capacity multiplied by the appropriate square footage per  
31 pupil prescribed by subsection C of this section.

32           3. Consider the total space available in all schools in use in the  
33 school district, except that the school facilities board shall allow an  
34 exclusion of the square footage for certain schools and the pupils within the  
35 schools' boundaries if the school district demonstrates to the board's  
36 satisfaction unusual or excessive busing of pupils or unusual attendance  
37 boundary changes between schools.

38           4. Compute the gross square footage of all buildings by measuring from  
39 exterior wall to exterior wall. Square footage used solely for district  
40 administration, storage of vehicles and other nonacademic purposes shall be  
41 excluded from the gross square footage.

42           5. Include all portable and modular buildings.

43           6. Include in the gross square footage new construction funded wholly  
44 or partially by the school facilities board based on the square footage  
45 funded by the school facilities board. If the new construction is to exceed  
46 the square footage funded by the school facilities board, the excess square

footage shall not be included in the gross square footage if any of the following applies:

(a) The excess square footage was constructed before July 1, 2002 or funded by a class B bond, impact aid revenue bond or capital outlay override approved by the voters after August 1, 1998 and before June 30, 2002 or funded from unrestricted capital outlay expended before June 30, 2002.

(b) The excess square footage of new school facilities does not exceed twenty-five per cent of the minimum square footage requirements pursuant to subsection C of this section.

(c) The excess square footage of expansions to school facilities does not exceed twenty-five per cent of the minimum square footage requirements pursuant to subsection C of this section.

7. Require that excess square footage that is constructed after July 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection meets the minimum school facility adequacy guidelines in order to be eligible for building renewal monies as computed in section 15-2031.

8. Exclude square footage built under a developer agreement according to section 15-342, paragraph 33 until the school facilities board provides funding for the square footage under section 15-2041, subsection 0.

9. INCLUDE SQUARE FOOTAGE THAT A SCHOOL DISTRICT HAS LEASED TO ANOTHER ENTITY, INCLUDING SQUARE FOOTAGE LEASED TO A CHARTER SCHOOL THAT IS SPONSORED BY A SCHOOL DISTRICT PURSUANT TO SECTION 15-183.

F. The school facilities board shall adopt rules establishing minimum school facility adequacy guidelines. The executive director of the school facilities board shall report monthly to the joint committee on capital review on the progress of the development of the proposed rules establishing the guidelines. The joint committee on capital review shall review the proposed guidelines before the school facilities board adopts the rules to establish the minimum school facility adequacy guidelines. The guidelines shall provide the minimum quality and quantity of school buildings and facilities and equipment necessary and appropriate to enable pupils to achieve the academic standards pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the school facilities board shall address all of the following in developing these guidelines:

1. School sites.
2. Classrooms.
3. Libraries and media centers, or both.
4. Cafeterias.
5. Auditoriums, multipurpose rooms or other multiuse space.
6. Technology.
7. Transportation.
8. Facilities for science, arts and physical education.
9. Other facilities and equipment that are necessary and appropriate to achieve the academic standards prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

10. Appropriate combinations of facilities or uses listed in this section.

G. The board shall consider the facilities and equipment of the schools with the highest academic productivity scores, as prescribed in section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest parent quality ratings in the establishment of the guidelines.

H. The school facilities board may consider appropriate combinations of facilities or uses in making assessments of and curing existing deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in certifying plans for new school facilities pursuant to section 15-2002, subsection A, paragraph 5.

I. For the purposes of this section, "student capacity" means the capacity adjusted to include any additions to or deletions of space, including modular or portable buildings at the school. The school facilities board shall determine the student capacity for each school in conjunction with each school district, recognizing each school's allocation of space as of July 1, 1998, to achieve the academic standards prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

Sec. 5. Section 15-2032, Arizona Revised Statutes, is amended to read:

15-2032. School facilities board building renewal grant fund; definitions

A. Notwithstanding section 15-2031, the building renewal grant fund is established consisting of monies appropriated to the fund by the legislature. The school facilities board shall administer the fund and distribute monies to school districts for the purpose of maintaining the adequacy of existing school facilities. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. The school facilities board shall distribute monies from the fund based on grant requests from school districts to fund primary building renewal projects. Project requests shall be prioritized by the school facilities board, with priority given to school districts that have provided routine preventative maintenance on the facility, and to school districts that can provide a match of monies provided by the fund. The school facilities board shall approve only projects that will be completed within twelve months, unless similar projects on average take longer to complete.

C. School districts that receive monies from the fund shall use these monies on projects for buildings or any part of a building in the school facilities board's database for any of the following:

1. Major renovations and repairs to a building.

2. Upgrading systems and areas that will maintain or extend the useful life of the building.

3. Infrastructure costs.

D. Monies received from the fund shall not be used for any of the following purposes:

1. New construction.

- 1           2. Remodeling interior space for aesthetic or preferential reasons.
- 2           3. Exterior beautification.
- 3           4. Demolition.
- 4           5. The purchase of soft capital items pursuant to section 15-962.
- 5           6. Routine preventative maintenance.
- 6           7. ANY PROJECT IN A BUILDING, OR PART OF A BUILDING, THAT IS BEING
- 7           LEASED TO ANOTHER ENTITY, INCLUDING A CHARTER SCHOOL ESTABLISHED PURSUANT TO
- 8           SECTION 15-183.
- 9           E. For the purposes of this section:
- 10           1. "Primary building renewal projects" means projects that are
- 11           necessary for buildings owned by school districts that are required to meet
- 12           the minimum adequacy standards for student capacity and that fall below the
- 13           minimum school facility adequacy guidelines, as adopted by the school
- 14           facilities board pursuant to section 15-2011, for school districts that have
- 15           provided routine preventative maintenance to the school facility.
- 16           2. "Routine preventative maintenance" means services that are
- 17           performed on a regular schedule at intervals ranging from four times a year
- 18           to once every three years and that are intended to extend the useful life of
- 19           a building system and reduce the need for major repairs.
- 20           3. "Student capacity" has the same meaning prescribed in section
- 21           15-2011.
- 22           Sec. 6. Section 15-2041, Arizona Revised Statutes, is amended to read:
- 23           15-2041. New school facilities fund; capital plan; report
- 24           A. A new school facilities fund is established consisting of monies
- 25           appropriated by the legislature and monies credited to the fund pursuant to
- 26           section 37-221. The school facilities board shall administer the fund and
- 27           distribute monies, as a continuing appropriation, to school districts for the
- 28           purpose of constructing new school facilities and for contracted expenses
- 29           pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
- 30           of each fiscal year, any unobligated contract monies in the new school
- 31           facilities fund shall be transferred to the capital reserve fund established
- 32           by section 15-2003.
- 33           B. The school facilities board shall prescribe a uniform format for
- 34           use by the school district governing board in developing and annually
- 35           updating a capital plan that consists of each of the following:
- 36           1. Enrollment projections for the next five years for elementary
- 37           schools and eight years for middle and high schools, including a description
- 38           of the methods used to make the projections.
- 39           2. A description of new schools or additions to existing schools
- 40           needed to meet the building adequacy standards prescribed in section 15-2011.
- 41           The description shall include:
- 42           (a) The grade levels and the total number of pupils that the school or
- 43           addition is intended to serve.
- 44           (b) The year in which it is necessary for the school or addition to
- 45           begin operations.

(c) A timeline that shows the planning and construction process for the school or addition.

3. Long-term projections of the need for land for new schools.

4. Any other necessary information required by the school facilities board to evaluate a school district's capital plan.

5. If a school district pays tuition for all or a portion of the school district's high school pupils to another school district, the capital plan shall indicate the number of pupils for which the district pays tuition to another district. If a school district accepts pupils from another school district pursuant to section 15-824, subsection A, the school district shall indicate the projections for this population separately. This paragraph does not apply to a small isolated school district as defined in section 15-901.

C. If the capital plan indicates a need for a new school or an addition to an existing school within the next four years or a need for land within the next ten years, the school district shall submit its plan to the school facilities board by September 1 and shall request monies from the new school facilities fund for the new construction or land. The school facilities board may require a school district to sell land that was previously purchased entirely with monies provided by the school facilities board if the school facilities board determines that the property is no longer needed within the ten year period specified in this subsection for a new school or no longer needed within that ten year period for an addition to an existing school. Monies provided for land shall be in addition to any monies provided pursuant to subsection D of this section.

D. The school facilities board shall distribute monies from the new school facilities fund as follows:

1. The school facilities board shall review and evaluate the enrollment projections and either approve the projections as submitted or revise the projections. In determining new construction requirements, the school facilities board shall determine the net new growth of pupils that will require additional square footage that exceeds the building adequacy standards prescribed in section 15-2011. If the projected growth and the existing number of pupils exceed three hundred fifty pupils who are served in a school district other than the pupil's resident school district, the school facilities board, the receiving school district and the resident school district shall develop a capital facilities plan on how to best serve those pupils. A small isolated school district as defined in section 15-901 is not required to develop a capital facilities plan pursuant to this paragraph.

2. If the approved projections indicate that additional space will not be needed within the next two years for elementary schools or three years for middle or high schools in order to meet the building adequacy standards prescribed in section 15-2011, the request shall be held for consideration by the school facilities board for possible future funding and the school district shall annually submit an updated plan until the additional space is needed.

3. If the approved projections indicate that additional space will be needed within the next two years for elementary schools or three years for middle or high schools in order to meet the building adequacy standards prescribed in section 15-2011, the school facilities board shall provide an amount as follows:

(a) Determine the number of pupils requiring additional square footage to meet building adequacy standards. This amount for elementary schools shall not be less than the number of new pupils for whom space will be needed in the next year and shall not exceed the number of new pupils for whom space will be needed in the next five years. This amount for middle and high schools shall not be less than the number of new pupils for whom space will be needed in the next four years and shall not exceed the number of new pupils for whom space will be needed in the next eight years.

(b) Multiply the number of pupils determined in subdivision (a) of this paragraph by the square footage per pupil. The square footage per pupil is ninety square feet per pupil for preschool children with disabilities, kindergarten programs and grades one through six, one hundred square feet for grades seven and eight, one hundred thirty-four square feet for a school district that provides instruction in grades nine through twelve for fewer than one thousand eight hundred pupils and one hundred twenty-five square feet for a school district that provides instruction in grades nine through twelve for at least one thousand eight hundred pupils. The total number of pupils in grades nine through twelve in the district shall determine the square footage factor to use for net new pupils. The school facilities board may modify the square footage requirements prescribed in this subdivision for particular schools based on any of the following factors:

(i) The number of pupils served or projected to be served by the school district.

(ii) Geographic factors.

(iii) Grade configurations other than those prescribed in this subdivision.

(iv) Compliance with minimum school facility adequacy requirements established pursuant to section 15-2011.

(c) Multiply the product obtained in subdivision (b) of this paragraph by the cost per square foot. The cost per square foot is ninety dollars for preschool children with disabilities, kindergarten programs and grades one through six, ninety-five dollars for grades seven and eight and one hundred ten dollars for grades nine through twelve. The cost per square foot shall be adjusted annually for construction market considerations based on an index identified or developed by the joint legislative budget committee as necessary but not less than once each year. The school facilities board shall multiply the cost per square foot by 1.05 for any school district located in a rural area. The school facilities board may only modify the base cost per square foot prescribed in this subdivision for particular schools based on geographic conditions or site conditions. For the purposes of this subdivision, "rural area" means an area outside a thirty-five mile



1 radius of a boundary of a municipality with a population of more than fifty  
2 thousand persons.

3 (d) Once the school district governing board obtains approval from the  
4 school facilities board for new facility construction funds, additional  
5 portable or modular square footage created for the express purpose of  
6 providing temporary space for pupils until the completion of the new facility  
7 shall not be included by the school facilities board for the purpose of new  
8 construction funding calculations. On completion of the new facility  
9 construction project, if the portable or modular facilities continue in use,  
10 the portable or modular facilities shall be included as prescribed by this  
11 chapter, unless the school facilities board approves their continued use for  
12 the purpose of providing temporary space for pupils until the completion of  
13 the next new facility that has been approved for funding from the new school  
14 facilities fund.

15 4. For projects approved after December 31, 2001, and notwithstanding  
16 paragraph 3 of this subsection, a unified school district that does not have  
17 a high school is not eligible to receive high school space as prescribed by  
18 section 15-2011 and this section unless the unified district qualifies for  
19 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of  
20 this subsection.

21 5. If a joint technical education district leases a building from a  
22 school district, that building shall be included in the school district's  
23 square footage calculation for the purposes of new construction pursuant to  
24 this section.

25 6. IF A SCHOOL DISTRICT LEASES A BUILDING TO ANOTHER ENTITY, INCLUDING  
26 A CHARTER SCHOOL THAT IS SPONSORED BY A SCHOOL DISTRICT PURSUANT TO SECTION  
27 15-183, THAT BUILDING SHALL BE INCLUDED IN THE SCHOOL DISTRICT'S SQUARE  
28 FOOTAGE CALCULATION FOR PURPOSES OF NEW CONSTRUCTION PURSUANT TO THIS  
29 SECTION.

30 E. Monies for architectural and engineering fees, project management  
31 services and preconstruction services shall be distributed on the completion  
32 of the analysis by the school facilities board of the school district's  
33 request. After receiving monies pursuant to this subsection, the school  
34 district shall submit a design development plan for the school or addition to  
35 the school facilities board before any monies for construction are  
36 distributed. If the school district's request meets the building adequacy  
37 standards, the school facilities board may review and comment on the  
38 district's plan with respect to the efficiency and effectiveness of the plan  
39 in meeting state square footage and facility standards before distributing  
40 the remainder of the monies. If the school facilities board modifies the  
41 cost per square foot as prescribed in subsection D, paragraph 3, subdivision  
42 (c) of this section, the school facilities board may deduct the cost of  
43 project management services and preconstruction services from the required  
44 cost per square foot. The school facilities board may decline to fund the  
45 project if the square footage is no longer required due to revised enrollment  
46 projections.

1 F. The school facilities board shall distribute the monies needed for  
2 land for new schools so that land may be purchased at a price that is less  
3 than or equal to fair market value and in advance of the construction of the  
4 new school. If necessary, the school facilities board may distribute monies  
5 for land to be leased for new schools if the duration of the lease exceeds  
6 the life expectancy of the school facility by at least fifty per cent. A  
7 school district shall not use land purchased or partially purchased with  
8 monies provided by the school facilities board for a purpose other than a  
9 site for a school facility without obtaining prior written approval from the  
10 school facilities board. A school district shall not lease, sell or take any  
11 action that would diminish the value of land purchased or partially purchased  
12 with monies provided by the school facilities board without obtaining prior  
13 written approval from the school facilities board. The proceeds derived  
14 through the sale of any land purchased or partially purchased with monies  
15 provided by the school facilities board shall be returned to the state fund  
16 from which it was appropriated and to any other participating entity on a  
17 proportional basis. Except as provided in section 15-342, paragraph 33, if a  
18 school district acquires real property by donation at an appropriate school  
19 site approved by the school facilities board, the school facilities board  
20 shall distribute an amount equal to twenty per cent of the fair market value  
21 of the donated real property that can be used for academic purposes. The  
22 school district shall place the monies in the unrestricted capital outlay  
23 fund and increase the unrestricted capital budget limit by the amount of  
24 monies placed in the fund. Monies distributed under this subsection shall be  
25 distributed from the new school facilities fund. A school district that  
26 receives monies from the new school facilities fund for a donation of land  
27 pursuant to section 15-342, paragraph 33 shall not receive monies from the  
28 school facilities board for the donation of real property pursuant to this  
29 subsection. A school district shall not pay a consultant a percentage of the  
30 value of any of the following:

31 1. Donations of real property, services or cash from any of the  
32 following:

33 (a) Entities that have offered to provide construction services to the  
34 school district.

35 (b) Entities that have been contracted to provide construction  
36 services to the school district.

37 (c) Entities that build residential units in that school district.

38 (d) Entities that develop land for residential use in that school  
39 district.

40 2. Monies received from the school facilities board on behalf of the  
41 school district.

42 3. Monies paid by the school facilities board on behalf of the school  
43 district.

44 G. In addition to distributions to school districts based on pupil  
45 growth projections, a school district may submit an application to the school  
46 facilities board for monies from the new school facilities fund if one or

1 more school buildings have outlived their useful life. If the school  
2 facilities board determines that the school district needs to build a new  
3 school building for these reasons, the school facilities board shall remove  
4 the square footage computations that represent the building from the  
5 computation of the school district's total square footage for purposes of  
6 this section. If the square footage recomputation reflects that the school  
7 district no longer meets building adequacy standards, the school district  
8 qualifies for a distribution of monies from the new school construction  
9 formula in an amount determined pursuant to subsection D of this section.  
10 Buildings removed from a school district's total square footage pursuant to  
11 this subsection shall not be included in the computation of monies from the  
12 building renewal fund established by section 15-2031. The school facilities  
13 board may only modify the base cost per square foot prescribed in this  
14 subsection under extraordinary circumstances for geographic factors or site  
15 conditions.

16 H. School districts that receive monies from the new school facilities  
17 fund shall establish a district new school facilities fund and shall use the  
18 monies in the district new school facilities fund only for the purposes  
19 prescribed in this section. By October 15 of each year, each school district  
20 shall report to the school facilities board the projects funded at each  
21 school in the previous fiscal year with monies from the district new school  
22 facilities fund and shall provide an accounting of the monies remaining in  
23 the new school facilities fund at the end of the previous fiscal year.

24 I. If a school district has surplus monies received from the new  
25 school facilities fund, the school district may use the surplus monies only  
26 for capital purposes for the project for up to one year after completion of  
27 the project. If the school district possesses surplus monies from the new  
28 school construction project that have not been expended within one year of  
29 the completion of the project, the school district shall return the surplus  
30 monies to the school facilities board for deposit in the new school  
31 facilities fund.

32 J. The board's consideration of any application filed after December  
33 31 of the year in which the property becomes territory in the vicinity of a  
34 military airport or ancillary military facility as defined in section 28-8461  
35 for monies to fund the construction of new school facilities proposed to be  
36 located in territory in the vicinity of a military airport or ancillary  
37 military facility shall include, if after notice is transmitted to the  
38 military airport pursuant to section 15-2002 and before the public hearing  
39 the military airport provides comments and an analysis concerning  
40 compatibility of the proposed school facilities with the high noise or  
41 accident potential generated by military airport or ancillary military  
42 facility operations that may have an adverse effect on public health and  
43 safety, consideration and analysis of the comments and analysis provided by  
44 the military airport before making a final determination.

45 K. If a school district uses its own project manager for new school  
46 construction, the members of the school district governing board and the

1 project manager shall sign an affidavit stating that the members and the  
2 project manager understand and will follow the minimum adequacy requirements  
3 prescribed in section 15-2011.

4 L. The school facilities board shall establish a separate account in  
5 the new school facilities fund designated as the litigation account to pay  
6 attorney fees, expert witness fees and other costs associated with litigation  
7 in which the school facilities board pursues the recovery of damages for  
8 deficiencies correction that resulted from alleged construction defects or  
9 design defects that the school facilities board believes caused or  
10 contributed to a failure of the school building to conform to the building  
11 adequacy requirements prescribed in section 15-2011. Attorney fees paid  
12 pursuant to this subsection shall not exceed the market rate for similar  
13 types of litigation. On or before December 1 of each year, the school  
14 facilities board shall report to the joint committee on capital review the  
15 costs associated with current and potential litigation that may be paid from  
16 the litigation account.

17 M. Until the state board of education and the auditor general adopt  
18 rules pursuant to section 15-213, subsection I, the school facilities board  
19 may allow school districts to contract for construction services and  
20 materials through the qualified select bidders list method of project  
21 delivery for new school facilities pursuant to this section.

22 N. The school facilities board shall submit electronically a report on  
23 project management services and preconstruction services to the governor, the  
24 president of the senate and the speaker of the house of representatives by  
25 December 31 of each year. The report shall compare projects that use project  
26 management and preconstruction services with those that do not. The report  
27 shall address cost, schedule and other measurable components of a  
28 construction project. School districts, construction manager at risk firms  
29 and project management firms that participate in a school facilities board  
30 funded project shall provide the information required by the school  
31 facilities board in relation to this report.

32 O. If a school district constructs new square footage according to  
33 section 15-342, paragraph 33, the school facilities board shall review the  
34 design plans and location of any new school facility submitted by school  
35 districts and another party to determine whether the design plans comply with  
36 the adequacy standards prescribed in section 15-2011 and the square footage  
37 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)  
38 of this section. When the school district qualifies for a distribution of  
39 monies from the new school facilities fund according to this section, the  
40 school facilities board shall distribute monies to the school district from  
41 the new school facilities fund for the square footage constructed under  
42 section 15-342, paragraph 33 at the same cost per square foot established by  
43 this section that was in effect at the time of the beginning of the  
44 construction of the school facility. Before the school facilities board  
45 distributes any monies pursuant to this subsection, the school district shall  
46 demonstrate to the school facilities board that the facilities to be funded

1 pursuant to this section meet the minimum adequacy standards prescribed in  
2 section 15-2011. The agreement entered into pursuant to section 15-342,  
3 paragraph 33 shall set forth the procedures for the allocation of these funds  
4 to the parties that participated in the agreement.

5 Sec. 7. Additional assistance funding for charter schools:  
6 reduction for fiscal year 2012-2013

7 In addition to any other reductions made in fiscal year 2012-2013, for  
8 fiscal year 2012-2013, the department of education shall reduce by the amount  
9 identified in the general appropriations act the amount of additional  
10 assistance funding that otherwise would be apportioned to charter schools  
11 statewide for fiscal year 2012-2013 pursuant to section 15-185, subsection B,  
12 paragraph 4, Arizona Revised Statutes, as amended by this act. The funding  
13 reduction required under this section shall be made on a proportional basis  
14 based on the additional assistance funding that each charter school in the  
15 state would have received for fiscal year 2012-2013 without the prescribed  
16 reduction.

17 Sec. 8. Joint technical education district equalization funding

18 Notwithstanding section 15-393, Arizona Revised Statutes, or any other  
19 law, the department of education shall fund state aid for joint technical  
20 education districts for fiscal year 2012-2013 at ninety-one per cent of the  
21 amount that otherwise would be provided by law.

22 Sec. 9. Soft capital allocation reduction for school districts  
23 for fiscal year 2012-2013

24 A. For fiscal year 2012-2013, the department of education shall reduce  
25 by \$158,120,700 the amount of basic state aid that otherwise would be  
26 apportioned to school districts statewide for fiscal year 2012-2013 for the  
27 soft capital allocation prescribed in section 15-962, Arizona Revised  
28 Statutes, and shall reduce school district budget limits accordingly.

29 B. For fiscal year 2012-2013, the department of education shall reduce  
30 the soft capital allocation for a school district that is not eligible to  
31 receive basic state aid funding for fiscal year 2012-2013 by the amount that  
32 its soft capital allocation would be reduced pursuant to subsection A of this  
33 section if the district was eligible to receive basic state aid funding for  
34 fiscal year 2012-2013 and shall reduce the school district's budget limits  
35 accordingly.

36 C. Additional assistance funding to district-sponsored charter schools  
37 for fiscal year 2012-2013 shall not be affected by this section.

38 Sec. 10. Early graduation scholarship program; funding  
39 suspension; temporary moratorium on new program  
40 participants

41 A. Notwithstanding section 15-105, subsection E, Arizona Revised  
42 Statutes, the student count and per pupil funding of a school district or  
43 charter school for fiscal year 2012-2013 shall not be adjusted to reflect  
44 requirements under that subsection.

45 B. Notwithstanding section 15-105, subsection F, Arizona Revised  
46 Statutes, for fiscal year 2012-2013 the department of education shall not

transmit any monies to the commission for postsecondary education for the early graduation scholarship program.

C. Notwithstanding section 15-105, Arizona Revised Statutes, students who were not admitted before July 1, 2009 to participate in the early graduation scholarship program shall not be admitted to participate in the early graduation scholarship program during fiscal year 2012-2013.

D. If sufficient monies are available in the early graduation scholarship fund established by section 15-105, Arizona Revised Statutes, students who were admitted before July 1, 2009 to participate in the early graduation scholarship program shall continue to receive funding to participate in the program in fiscal year 2012-2013.

Sec. 11. Annual performance audit; AIMS intervention and dropout prevention program; suspension in fiscal year 2012-2013

Notwithstanding section 15-809, subsection C, Arizona Revised Statutes, the department of education is not required to contract with a private entity to conduct an annual performance audit of the AIMS intervention and dropout prevention program for fiscal year 2012-2013.

Sec. 12. School facilities board; new construction moratorium

A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised Statutes, as amended by this act, for fiscal year 2012-2013, the school facilities board shall not authorize or award funding for the design or construction of any new school facility and shall not authorize or award funding for school site acquisitions.

B. During fiscal year 2012-2013, school districts shall submit capital plans according to section 15-2041, subsection C, Arizona Revised Statutes, as amended by this act. The school facilities board may review and award new school facilities as outlined in section 15-2041, Arizona Revised Statutes, as amended by this act, subject to future appropriations.

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

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

Sec. 13. Building renewal fund; suspension in fiscal year 2012-2013

Notwithstanding section 15-2031, Arizona Revised Statutes, the school facilities board shall not distribute monies from the building renewal fund in fiscal year 2012-2013.

Sec. 14. Capital outlay revenue limit reduction for school districts for fiscal year 2012-2013

A. For fiscal year 2012-2013, the department of education shall reduce by \$93,864,800 the amount of basic state aid that otherwise would be apportioned to school districts statewide for fiscal year 2012-2013 for the

1 capital outlay revenue control limit prescribed in section 15-961, Arizona  
2 Revised Statutes, and shall reduce school district budget limits accordingly.

3 B. For fiscal year 2012-2013, the department of education shall reduce  
4 the capital outlay revenue limit for a school district that is not eligible  
5 to receive basic state aid funding for fiscal year 2012-2013 by the amount  
6 that its capital outlay revenue limit would be reduced pursuant to subsection  
7 A of this section if the district was eligible to receive basic state aid  
8 funding for fiscal year 2012-2013 and shall reduce the school district's  
9 budget limits accordingly.

10 Sec. 15. K-12 formula reductions; small districts; maximum

11 Notwithstanding any other law, the sum of soft capital and capital  
12 outlay revenue limit reductions in fiscal year 2012-2013 for school districts  
13 with a student count of fewer than 1,100 pupils shall not exceed \$5,000,000.