

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 300
SENATE BILL 1529

AN ACT

AMENDING SECTIONS 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-211; AMENDING SECTIONS 15-249.02, 15-393, 15-901, 15-943, 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.

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

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

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

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

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

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

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

1 school that overestimated its student count shall revise its budget before
2 May 15. A charter school that underestimated its student count may revise
3 its budget before May 15.

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

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

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

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

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

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

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

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

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

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

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

4 G. At the request of a charter school, the county school
5 superintendent of the county where the charter school is located may provide
6 the same educational services to the charter school as prescribed in section
7 15-308, subsection A. The county school superintendent may charge a fee to
8 recover costs for providing educational services to charter schools.

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

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

1 J. A charter school may receive and spend monies distributed by the
2 department of education pursuant to section 42-5029, subsection E and section
3 37-521, subsection B.

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

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

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

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

31 O. If permitted by federal law, a charter school may opt out of
32 federal grant opportunities if the charter holder or the appropriate
33 governing body of the charter school determines that the federal requirements
34 impose unduly burdensome reporting requirements.

35 P. For the purposes of this section:

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

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

7 Sec. 2. Title 15, chapter 2, article 1, Arizona Revised Statutes, is
8 amended by adding section 15-211, to read:

9 15-211. K-3 reading program; receipt and use of monies;
10 additional funding; program termination

11 A. THE STATE BOARD OF EDUCATION, IN COLLABORATION WITH THE DEPARTMENT
12 OF EDUCATION, SHALL ESTABLISH A K-3 READING PROGRAM TO IMPROVE THE READING
13 PROFICIENCY OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE, TWO AND THREE
14 IN THE PUBLIC SCHOOLS OF THIS STATE.

15 B. ON OR BEFORE OCTOBER 1, 2012, EACH SCHOOL DISTRICT AND CHARTER
16 SCHOOL SHALL SUBMIT TO THE STATE BOARD OF EDUCATION A PLAN FOR IMPROVING THE
17 READING PROFICIENCY OF ITS PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE,
18 TWO AND THREE. THE PLAN SHALL INCLUDE BASELINE DATA ON THE READING
19 PROFICIENCY OF ITS PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE, TWO AND
20 THREE AND A BUDGET FOR SPENDING MONIES FROM BOTH THE K-3 SUPPORT LEVEL WEIGHT
21 AND THE K-3 READING SUPPORT LEVEL WEIGHT ESTABLISHED IN SECTION 15-943.
22 BEGINNING IN FISCAL YEAR 2013-2014 AND EACH FISCAL YEAR THEREAFTER, EACH
23 SCHOOL DISTRICT AND CHARTER SCHOOL SHALL SUBMIT TO THE STATE BOARD OF
24 EDUCATION ON OR BEFORE OCTOBER 1 AN UPDATED K-3 READING PROGRAM PLAN THAT
25 INCLUDES DATA ON PROGRAM EXPENDITURES AND RESULTS.

26 C. SCHOOL DISTRICTS AND CHARTER SCHOOLS SHALL USE MONIES GENERATED BY
27 THE K-3 READING SUPPORT LEVEL WEIGHT ESTABLISHED IN SECTION 15-943 ONLY ON
28 READING PROGRAMS FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE, TWO AND
29 THREE WITH PARTICULAR EMPHASIS ON PUPILS IN KINDERGARTEN PROGRAMS AND GRADES
30 ONE AND TWO.

31 D. EACH SCHOOL DISTRICT AND CHARTER SCHOOL THAT IS ASSIGNED A LETTER
32 GRADE OF C, D OR F PURSUANT TO SECTION 15-241, SUBSECTION H OR THAT HAS MORE
33 THAN TEN PER CENT OF ITS PUPILS IN GRADE THREE READING FAR BELOW THE THIRD
34 GRADE LEVEL ACCORDING TO THE READING PORTION OF THE ARIZONA INSTRUMENT TO
35 MEASURE STANDARDS TEST, OR A SUCCESSOR TEST, SHALL RECEIVE MONIES GENERATED
36 BY THE K-3 READING SUPPORT LEVEL WEIGHT ESTABLISHED IN SECTION 15-943 ONLY
37 AFTER THE K-3 READING PROGRAM PLAN OF THE SCHOOL DISTRICT OR CHARTER SCHOOL
38 HAS BEEN APPROVED BY THE STATE BOARD OF EDUCATION.

39 E. THE DEPARTMENT OF EDUCATION SHALL SOLICIT GIFTS, GRANTS AND
40 DONATIONS FROM ANY LAWFUL PUBLIC OR PRIVATE SOURCE IN ORDER TO PROVIDE
41 ADDITIONAL FUNDING FOR THE K-3 READING PROGRAM.

42 F. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2022
43 PURSUANT TO SECTION 41-3102.

1 district design is consistent with the obligation to equalize the population
2 among single member districts.

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

6 3. A person who is a registered voter of this state and who is a
7 resident of the single member district is eligible for election to the office
8 of joint board member from the single member district. The terms of office
9 of the members of the joint board shall be as prescribed in section 15-427,
10 subsection B. An employee of a joint technical education district or the
11 spouse of an employee shall not hold membership on a governing board of a
12 joint technical education district by which the employee is employed. A
13 member of one school district governing board or joint technical education
14 district governing board is ineligible to be a candidate for nomination or
15 election to or serve simultaneously as a member of any other governing board,
16 except that a member of a governing board may be a candidate for nomination
17 or election for any other governing board if the member is serving in the
18 last year of a term of office. A member of a governing board shall resign
19 the member's seat on the governing board before becoming a candidate for
20 nomination or election to the governing board of any other school district or
21 joint technical education district, unless the member of the governing board
22 is serving in the last year of a term of office.

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

25 B. The governing boards of the school districts participating in the
26 formation of the joint district may vote to implement any other alternative
27 election system for the election of joint district board members. If an
28 alternative election system is selected, it shall be submitted as part of the
29 plan for the joint district pursuant to section 15-392, and the
30 implementation of the system shall be as approved by the United States
31 justice department.

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

- 34 1. Chapter 1, articles 1 through 6.
- 35 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 36 3. Articles 2, 3 and 5 of this chapter.
- 37 4. Section 15-361.
- 38 5. Chapter 4, articles 1, 2 and 5.
- 39 6. Chapter 5, articles 1, 2 and 3.
- 40 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
41 and 15-730.
- 42 8. Chapter 7, article 5.
- 43 9. Chapter 8, articles 1, 3 and 4.
- 44 10. Sections 15-828 and 15-829.
- 45 11. Chapter 9, article 1, article 6, except for section 15-995, and
46 article 7.

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

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

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

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

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

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

15 3. If a career and technical education course or program provided
16 pursuant to this article is provided in a facility owned or operated by a
17 school district in which a pupil is enrolled, including satellite courses,
18 the sum of the average daily membership, as provided in section 15-901,
19 subsection A, paragraph 1, for that pupil in both the school district and
20 joint technical education district shall not exceed 1.25. The sum of the
21 average daily membership, as provided in section 15-901, subsection A,
22 paragraph 1, shall not exceed 1.25 for the courses taken in the school
23 district and the facility, including satellite courses. The school district
24 and the joint district shall determine the apportionment of the average daily
25 membership for that pupil between the school district and the joint district.

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

29 (a) Determine the estimated student count for joint district classes
30 that will operate in the first year of operation. This estimate shall be
31 based on actual registration of pupils as of March 30 scheduled to attend
32 classes that will be operated by the joint district. The student count for
33 the district of residence of the pupils registered at the joint district
34 shall be adjusted. The adjustment shall cause the district of residence to
35 reduce the student count for the pupil to reflect the courses to be taken at
36 the joint district. The district of residence shall review and approve the
37 adjustment of its own student count as provided in this subdivision before
38 the pupils from the school district can be added to the student count of the
39 joint district.

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

1 (c) For the first year of operation, the joint district shall revise
2 the student count to the actual average daily membership as prescribed in
3 section 15-901, subsection A, paragraph 1 for students attending classes in
4 the joint district. A joint district shall revise its student count, the
5 base support level as provided in section 15-943.02, the revenue control
6 limit as provided in section 15-944.01, the capital outlay revenue limit and
7 the soft capital allocation as provided in section 15-962.01 prior to May 15.
8 A joint district that overestimated its student count shall revise its budget
9 prior to May 15. A joint district that underestimated its student count may
10 revise its budget prior to May 15.

11 (d) After March 15 of the first year of operation, the district of
12 residence shall adjust its student count by reducing it to reflect the
13 courses actually taken at the joint district. The district of residence
14 shall revise its student count, the base support level as provided in section
15 15-943, the revenue control limit as provided in section 15-944, the capital
16 outlay revenue limit as provided in section 15-961 and the soft capital
17 allocation as provided in section 15-962 prior to May 15. A district that
18 underestimated the student count for students attending the joint district
19 shall revise its budget prior to May 15. A district that overestimated the
20 student count for students attending the joint district may revise its budget
21 prior to May 15.

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

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

26 (g) Pupils in an approved joint technical education district
27 centralized program may generate an average daily membership of 1.0 during
28 any day of the week and at any time between July 1 and June 30 of each fiscal
29 year.

30 For the purposes of this paragraph, "district of residence" means the
31 district that included the pupil in its average daily membership for the year
32 before the first year of operation of the joint district and that would have
33 included the pupil in its student count for the purposes of computing its
34 base support level for the fiscal year of the first year of operation of the
35 joint district if the pupil had not enrolled in the joint district.

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

39 (a) A student in a kindergarten program or in grades one through nine
40 who enrolls in courses offered by the joint technical education district
41 shall not be included in the joint district's student count or average daily
42 membership.

43 (b) A student in a kindergarten program or in grades one through nine
44 who is enrolled in career and technical education courses shall not be funded
45 in whole or in part with monies provided by a joint technical education
46 district, except that a pupil in grade EIGHT OR nine may be funded with

1 monies generated by the five cent qualifying tax rate authorized in
2 subsection F of this section.

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

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

8 7. A joint district may use the excess utility costs provisions of
9 section 15-910 in the same manner as a school district for fiscal years
10 1999-2000 and 2000-2001, except that the base year shall be the first full
11 fiscal year of operations.

12 8. A joint district may use the carryforward provisions of section
13 15-943.01 retroactively to July 1, 1993.

14 9. A school district that is part of a joint district shall use any
15 monies received pursuant to this article to supplement and not supplant base
16 year career and technical education courses, and directly related equipment
17 and facilities, except that a school district that is part of a joint
18 technical education district and that has used monies received pursuant to
19 this article to supplant career and technical education courses that were
20 offered before the first year that the school district participated in the
21 joint district or the first year that the school district used monies
22 received pursuant to this article or that used the monies for purposes other
23 than for career and technical education courses shall use one hundred per
24 cent of the monies received pursuant to this article to supplement and not
25 supplant base year career and technical education courses.

26 10. A joint technical education district shall use any monies received
27 pursuant to this article to enhance and not supplant career and technical
28 education courses and directly related equipment and facilities.

29 11. A joint technical education district or a school district that is
30 part of a joint district shall only include pupils in grades ten through
31 twelve in the calculation of student count or average daily membership if the
32 pupils are enrolled in courses that are approved jointly by the governing
33 board of the joint technical education district and each participating school
34 district for satellite courses taught within the participating school
35 district, or approved solely by the joint technical education district for
36 centrally located courses. Student count and average daily membership from
37 courses that are not part of an approved program for career and technical
38 education shall not be included in student count and average daily membership
39 of a joint technical education district.

40 E. The joint board shall appoint a superintendent as the executive
41 officer of the joint district.

42 F. Taxes may be levied for the support of the joint district as
43 prescribed in chapter 9, article 6 of this title, except that a joint
44 technical education district shall not levy a property tax pursuant to law
45 that exceeds five cents per one hundred dollars assessed valuation except for
46 bond monies pursuant to subsection D, paragraph 1 of this section. Except

1 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
2 from a levy of taxes on the taxable property used for secondary tax purposes.

3 G. The schools in the joint district are available to all persons who
4 reside in the joint district and to pupils whose district of residence is
5 paying tuition on behalf of the pupils to a district of attendance that is a
6 member of the joint technical education district, subject to the rules for
7 admission prescribed by the joint board.

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

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

15 J. One member of the joint board shall be selected chairman. The
16 chairman shall be selected annually on a rotation basis from among the
17 participating school districts. The chairman of the joint board shall be a
18 voting member.

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

22 L. Any agreement between the governing board of a joint technical
23 education district and another joint technical education district, a school
24 district, a charter school or a community college district shall be in the
25 form of an intergovernmental agreement or other written contract. The
26 auditor general shall modify the uniform system of financial records and
27 budget forms in accordance with this subsection. The intergovernmental
28 agreement or other written contract shall completely and accurately specify
29 each of the following:

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

32 2. The accountability provisions of the intergovernmental agreement or
33 other written contract.

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

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

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

42 6. The transportation services that will be provided under the
43 intergovernmental agreement or other written contract and the manner in which
44 transportation costs will be paid.

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

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

7 9. That the payment for services shall not exceed the cost of the
8 services provided.

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

19 1. The average daily membership of the joint district.

20 2. The program listings and program descriptions of programs offered
21 by the joint district, including the course sequences for each program.

22 3. The costs associated with each program offered by the joint
23 district.

24 4. The completion rate for each program offered by the joint district.
25 For the purposes of this paragraph, "completion rate" means the completion
26 rate for students who are designated as concentrators in that program by the
27 department of education under the career and technology approved plan.

28 5. The graduation rate from the school district of residence of
29 students who have completed a program in the joint district.

30 6. A detailed description of the career opportunities available to
31 students after completion of the program offered by the joint district.

32 7. A detailed description of the career placement of students who have
33 completed the program offered by the joint district.

34 8. Any other data deemed necessary by the department of education to
35 carry out its duties under this subsection.

36 N. If the career and technical education division of the department of
37 education determines that a course does not meet the criteria for approval as
38 a joint technical education course, the governing board of the joint
39 technical education district may appeal this decision to the state board of
40 education acting as the state board of vocational education.

1 O. Notwithstanding any other law, the average daily membership of a
2 pupil in grade ten, eleven or twelve who is enrolled in a course that meets
3 for at least one hundred fifty minutes per class period at a centralized
4 campus owned and operated by a joint technical education district shall be
5 0.75. The sum of the average daily membership, as provided in section
6 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the
7 member school district and joint technical education district courses
8 provided at a community college pursuant to subsection K of this section or
9 at a facility owned and operated by a joint technical education district that
10 is not located on a site of a member district shall not exceed 1.75. The
11 member school district and the joint district shall determine the
12 apportionment of the average daily membership and student enrollment for that
13 pupil between the member school district and the joint district, except the
14 amount apportioned shall not exceed 1.0 for either entity.

15 P. Notwithstanding any other law, the average daily membership for a
16 pupil who is enrolled in a joint technical education course ~~approved pursuant~~
17 ~~to~~ **DEFINED IN** section 15-391 and who does not meet the criteria specified in
18 subsection O of this section shall be 0.25 for each course, except the sum of
19 the average daily membership shall not exceed the limits prescribed by
20 subsection D or O, as applicable.

21 Q. Notwithstanding any other law, beginning in fiscal year 2011-2012,
22 the student count for a joint technical education district shall be
23 equivalent to the joint technical education district's average daily
24 membership.

25 R. For the purposes of this section, "base year" means the complete
26 school year in which voters of a school district elected to join a joint
27 technical education district.

28 Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to read:
29 **15-901. Definitions**

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

31 1. "Average daily membership" means the total enrollment of fractional
32 students and full-time students, minus withdrawals, who are enrolled on
33 September 15, November 15, January 15 and March 15, divided by four.
34 Withdrawals include students formally withdrawn from schools and students
35 absent for ten consecutive school days, except for excused absences
36 identified by the department of education. For the purposes of this section,
37 school districts and charter schools shall report student absence data to the
38 department of education at least once every sixty days in session. For
39 computation purposes, the effective date of withdrawal shall be retroactive
40 to the last day of actual attendance of the student or excused absence.

41 (a) "Fractional student" means:

42 (i) For common schools, a preschool child who is enrolled in a program
43 for preschool children with disabilities of at least three hundred sixty
44 minutes each week or a kindergarten student at least five years of age before
45 January 1 of the school year and enrolled in a school kindergarten program
46 that meets at least three hundred fifty-six hours for a one hundred eighty

1 day school year, or the instructional hours prescribed in this section.
2 Lunch periods and recess periods may not be included as part of the
3 instructional hours unless the child's individualized education program
4 requires instruction during those periods and the specific reasons for such
5 instruction are fully documented. In computing the average daily membership,
6 preschool children with disabilities and kindergarten students shall be
7 counted as one-half of a full-time student. For common schools, a part-time
8 student is a student enrolled for less than the total time for a full-time
9 student as defined in this section. A part-time common school student shall
10 be counted as one-fourth, one-half or three-fourths of a full-time student if
11 the student is enrolled in an instructional program that is at least
12 one-fourth, one-half or three-fourths of the time a full-time student is
13 enrolled as defined in subdivision (b) of this paragraph.

14 (ii) For high schools, a part-time student who is enrolled in less
15 than four subjects that count toward graduation as defined by the state board
16 of education in a recognized high school. The average daily membership of a
17 part-time high school student shall be 0.75 if the student is enrolled in an
18 instructional program of three subjects that meet at least five hundred forty
19 hours for a one hundred eighty day school year, or the instructional hours
20 prescribed in this section. The average daily membership of a part-time high
21 school student shall be 0.5 if the student is enrolled in an instructional
22 program of two subjects that meet at least three hundred sixty hours for a
23 one hundred eighty day school year, or the instructional hours prescribed in
24 this section. The average daily membership of a part-time high school
25 student shall be 0.25 if the student is enrolled in an instructional program
26 of one subject that meets at least one hundred eighty hours for a one hundred
27 eighty day school year, or the instructional hours prescribed in this
28 section.

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

30 (i) For common schools, a student who is at least six years of age
31 before January 1 of a school year, who has not graduated from the highest
32 grade taught in the school district and who is regularly enrolled in a course
33 of study required by the state board of education. First, second and third
34 grade students, ungraded students at least six, but under nine, years of age
35 by September 1 or ungraded group B children with disabilities who are at
36 least five, but under six, years of age by September 1 must be enrolled in an
37 instructional program that meets for a total of at least seven hundred twelve
38 hours for a one hundred eighty day school year, or the instructional hours
39 prescribed in this section. Fourth, fifth and sixth grade students or
40 ungraded students at least nine, but under twelve, years of age by September
41 1 must be enrolled in an instructional program that meets for a total of at
42 least eight hundred ninety hours for a one hundred eighty day school year, or
43 the instructional hours prescribed in this section. Seventh and eighth grade
44 students or ungraded students at least twelve, but under fourteen, years of
45 age by September 1 must be enrolled in an instructional program that meets
46 for at least one thousand hours. Lunch periods and recess periods may not be

1 included as part of the instructional hours unless the student is a child
2 with a disability and the child's individualized education program requires
3 instruction during those periods and the specific reasons for such
4 instruction are fully documented.

5 (ii) For high schools, except as provided in section 15-105, a student
6 not graduated from the highest grade taught in the school district, or an
7 ungraded student at least fourteen years of age by September 1, and enrolled
8 in at least an instructional program of four or more subjects that count
9 toward graduation as defined by the state board of education, that meets for
10 a total of at least seven hundred twenty hours for a one hundred eighty day
11 school year, or the instructional hours prescribed in this section in a
12 recognized high school. A full-time student shall not be counted more than
13 once for computation of average daily membership. The average daily
14 membership of a full-time high school student shall be 1.0 if the student is
15 enrolled in at least four subjects that meet at least seven hundred twenty
16 hours for a one hundred eighty day school year, or the equivalent
17 instructional hours prescribed in this section.

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

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

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

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

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

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

43 (a) Grades one through eight.

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

45 4. "Current year" means the fiscal year in which a school district is
46 operating.

1 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 8. "Eligible students" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (c) For fiscal years 2009-2010, 2010-2011, ~~and 2011-2012,~~ **AND**
24 **2012-2013**, three thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 16. "K-3 READING" MEANS READING PROGRAMS FOR PUPILS IN KINDERGARTEN
5 PROGRAMS AND GRADES ONE, TWO AND THREE.

6 ~~16.~~ 17. "MD-R, A-R and SID-R" means resource programs for pupils with
7 multiple disabilities, autism and severe intellectual disability.

8 ~~17.~~ 18. "MD-SC, A-SC and SID-SC" means self-contained programs for
9 pupils with multiple disabilities, autism and severe intellectual disability.

10 ~~18.~~ 19. "MD-SSI" means a program for pupils with multiple disabilities
11 with severe sensory impairment.

12 ~~19.~~ 20. "MOID" means programs for pupils with moderate intellectual
13 disability.

14 ~~20.~~ 21. "OI-R" means a resource program for pupils with orthopedic
15 impairments.

16 ~~21.~~ 22. "OI-SC" means a self-contained program for pupils with
17 orthopedic impairments.

18 ~~22.~~ 23. "PSD" means preschool programs for children with disabilities
19 as provided in section 15-771.

20 ~~23.~~ 24. "P-SD" means programs for children who meet the definition of
21 preschool severe delay as provided in section 15-771.

22 ~~24.~~ 25. "Qualifying tax rate" means the qualifying tax rate specified
23 in section 15-971 applied to the assessed valuation used for primary property
24 taxes.

25 ~~25.~~ 26. "Small isolated school district" means a school district that
26 meets all of the following:

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

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

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

36 ~~26.~~ 27. "Small school district" means a school district that meets all
37 of the following:

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

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

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

~~27.~~ 28. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

~~28.~~ 29. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

~~29.~~ 30. "VI" means programs for pupils with visual impairments.

~~30.~~ 31. "Voc. Ed." means career and technical education and vocational education programs, as defined in section 15-781.

Sec. 6. Section 15-943, Arizona Revised Statutes, is amended to read:

~~15-943.~~ Base support level

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

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

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

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

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

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

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

3 (a)

4						Support				Weighted
5						Level		Student		Student
6	<u>Grade</u>	<u>Base</u>		<u>Group A</u>		<u>Weight</u>		<u>Count</u>		<u>Count</u>
7	PSD	1.000	+	0.450	=	1.450	x	_____	=	_____
8	K-8	1.000	+	0.158	=	1.158	x	_____	=	_____
9	9-12	1.163	+	0.105	=	1.268	x	_____	=	_____
10								Subtotal	A	_____

11 (b)

12						Support				Weighted
13	<u>Funding</u>					Level		Student		Student
14	<u>Category</u>					<u>Weight</u>		<u>Count</u>		<u>Count</u>
15	HI					4.771	x	_____	=	_____
16	K-3					0.060	x	_____	=	_____
17	K-3 READING					0.040	X	_____	=	_____
18	ELL					0.115	x	_____	=	_____
19	MD-R, A-R and									
20	SID-R					6.024	x	_____	=	_____
21	MD-SC, A-SC and									
22	SID-SC					5.833	x	_____	=	_____
23	MD-SSI					7.947	x	_____	=	_____
24	OI-R					3.158	x	_____	=	_____
25	OI-SC					6.773	x	_____	=	_____
26	P-SD					3.595	x	_____	=	_____
27	DD, ED, MIID, SLD,									
28	SLI and OHI					0.003	x	_____	=	_____
29	ED-P					4.822	x	_____	=	_____
30	MOID					4.421	x	_____	=	_____
31	VI					4.806	x	_____	=	_____
32								Subtotal	B	_____

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

34 3. Multiply the total determined in paragraph 2 of this section by the
35 base level.

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

38 Sec. 7. Section 15-945, Arizona Revised Statutes, is amended to read:
39 15-945. Transportation support level

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

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

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

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

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

6 5. Determine the classification in column 1 of this paragraph for the
7 quotient determined in paragraph 4 of this subsection. Multiply the product
8 obtained in paragraph 2 of this subsection by the corresponding state support
9 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 <u>Student Transported</u>	State Support Level per Route Mile for <u>Fiscal Year</u> 2011-2012 <u>2012-2013</u>
0.5 or less	2.37 2.42
More than 0.5 through 1.0	1.93 1.97
More than 1.0	2.37 2.42

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

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

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

26 2. Multiply the product obtained in subsection A, paragraph 5 of this
27 section by the corresponding state support level for academic education,
28 career and technical education, vocational education and athletic trips as
29 provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for
30 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 <u>Student Transported</u>	<u>District Type</u> <u>02 or 03</u>	<u>District Type</u> <u>04</u>	<u>District Type</u> <u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

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

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

1 1. Determine the sum of the following:

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

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

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

18 D. The transportation support level for each school district for the
19 current year is the sum of the support level for to and from school as
20 determined in subsection A of this section, the support level for academic
21 education, career and technical education, vocational education and athletic
22 trips as determined in subsection B of this section and the support level for
23 extended school year services for pupils with disabilities as determined in
24 subsection C of this section.

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

28 Sec. 8. Section 15-2011, Arizona Revised Statutes, is amended to read:
29 15-2011. Minimum school facility adequacy requirements:
30 definition

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

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

37 1. The buildings contain sufficient and appropriate space and
38 equipment that comply with the minimum school facility adequacy guidelines
39 established pursuant to subsection F of this section. The state shall not
40 fund facilities for elective courses that require the school district
41 facilities to exceed minimum school facility adequacy requirements. The
42 school facilities board shall determine whether a school building meets the
43 requirements of this paragraph by analyzing the total square footage that is
44 available for each pupil in conjunction with the need for specialized spaces
45 and equipment.

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

7 3. The building systems, including roofs, plumbing, telephone systems,
8 electrical systems, heating systems and cooling systems, are in working order
9 and are capable of being properly maintained.

10 4. The buildings are structurally sound.

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

14 1. For a school district that provides instruction to pupils in
15 programs for preschool children with disabilities, kindergarten programs and
16 grades one through six, eighty square feet per pupil in programs for
17 preschool children with disabilities, kindergarten programs and grades one
18 through six.

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

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

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

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

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

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

41 D. The school facilities board may modify the square footage
42 requirements prescribed in subsection C of this section or modify the amount
43 of monies awarded to cure the square footage deficiency pursuant to this
44 section for particular school districts based on extraordinary circumstances
45 for any of the following considerations:

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

1 2. Geographic factors.

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

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

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

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

8 (a) Total gross square footage.

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

11 3. Consider the total space available in all schools in use in the
12 school district, except that the school facilities board shall allow an
13 exclusion of the square footage for certain schools and the pupils within the
14 schools' boundaries if the school district demonstrates to the board's
15 satisfaction unusual or excessive busing of pupils or unusual attendance
16 boundary changes between schools.

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

21 5. Include all portable and modular buildings.

22 6. Include in the gross square footage new construction funded wholly
23 or partially by the school facilities board based on the square footage
24 funded by the school facilities board. If the new construction is to exceed
25 the square footage funded by the school facilities board, the excess square
26 footage shall not be included in the gross square footage if any of the
27 following applies:

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

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

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

38 7. Require that excess square footage that is constructed after July
39 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection
40 meets the minimum school facility adequacy guidelines in order to be eligible
41 for building renewal monies as computed in section 15-2031.

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

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

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

- 17 1. School sites.
- 18 2. Classrooms.
- 19 3. Libraries and media centers, or both.
- 20 4. Cafeterias.
- 21 5. Auditoriums, multipurpose rooms or other multiuse space.
- 22 6. Technology.
- 23 7. Transportation.
- 24 8. Facilities for science, arts and physical education.

25 9. Other facilities and equipment that are necessary and appropriate
26 to achieve the academic standards prescribed pursuant to section 15-203,
27 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

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

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

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

39 I. For the purposes of this section, "student capacity" means the
40 capacity adjusted to include any additions to or deletions of space,
41 including modular or portable buildings at the school. The school facilities
42 board shall determine the student capacity for each school in conjunction
43 with each school district, recognizing each school's allocation of space as
44 of July 1, 1998, to achieve the academic standards prescribed pursuant to
45 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
46 15-701.01.

1 Sec. 9. Section 15-2032, Arizona Revised Statutes, is amended to read:
2 15-2032. School facilities board building renewal grant fund:
3 definitions

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

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

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

- 21 1. Major renovations and repairs to a building.
- 22 2. Upgrading systems and areas that will maintain or extend the useful
23 life of the building.
- 24 3. Infrastructure costs.

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

- 27 1. New construction.
- 28 2. Remodeling interior space for aesthetic or preferential reasons.
- 29 3. Exterior beautification.
- 30 4. Demolition.
- 31 5. The purchase of soft capital items pursuant to section 15-962.
- 32 6. Routine preventative maintenance.
- 33 7. ANY PROJECT IN A BUILDING, OR PART OF A BUILDING, THAT IS BEING
34 LEASED TO ANOTHER ENTITY, INCLUDING A CHARTER SCHOOL THAT IS SPONSORED BY A
35 SCHOOL DISTRICT PURSUANT TO SECTION 15-183.

36 E. For the purposes of this section:

37 1. "Primary building renewal projects" means projects that are
38 necessary for buildings owned by school districts that are required to meet
39 the minimum adequacy standards for student capacity and that fall below the
40 minimum school facility adequacy guidelines, as adopted by the school
41 facilities board pursuant to section 15-2011, for school districts that have
42 provided routine preventative maintenance to the school facility.

43 2. "Routine preventative maintenance" means services that are
44 performed on a regular schedule at intervals ranging from four times a year
45 to once every three years and that are intended to extend the useful life of
46 a building system and reduce the need for major repairs.

1 3. "Student capacity" has the same meaning prescribed in section
2 15-2011.

3 Sec. 10. Section 15-2041, Arizona Revised Statutes, is amended to
4 read:

5 15-2041. New school facilities fund; capital plan; report

6 A. A new school facilities fund is established consisting of monies
7 appropriated by the legislature and monies credited to the fund pursuant to
8 section 37-221. The school facilities board shall administer the fund and
9 distribute monies, as a continuing appropriation, to school districts for the
10 purpose of constructing new school facilities and for contracted expenses
11 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
12 of each fiscal year, any unobligated contract monies in the new school
13 facilities fund shall be transferred to the capital reserve fund established
14 by section 15-2003.

15 B. The school facilities board shall prescribe a uniform format for
16 use by the school district governing board in developing and annually
17 updating a capital plan that consists of each of the following:

18 1. Enrollment projections for the next five years for elementary
19 schools and eight years for middle and high schools, including a description
20 of the methods used to make the projections.

21 2. A description of new schools or additions to existing schools
22 needed to meet the building adequacy standards prescribed in section 15-2011.
23 The description shall include:

24 (a) The grade levels and the total number of pupils that the school or
25 addition is intended to serve.

26 (b) The year in which it is necessary for the school or addition to
27 begin operations.

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

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

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

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

40 C. If the capital plan indicates a need for a new school or an
41 addition to an existing school within the next four years or a need for land
42 within the next ten years, the school district shall submit its plan to the
43 school facilities board by September 1 and shall request monies from the new
44 school facilities fund for the new construction or land. The school
45 facilities board may require a school district to sell land that was
46 previously purchased entirely with monies provided by the school facilities

1 board if the school facilities board determines that the property is no
2 longer needed within the ten year period specified in this subsection for a
3 new school or no longer needed within that ten year period for an addition to
4 an existing school. Monies provided for land shall be in addition to any
5 monies provided pursuant to subsection D of this section.

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

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

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

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

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

40 (b) Multiply the number of pupils determined in subdivision (a) of
41 this paragraph by the square footage per pupil. The square footage per pupil
42 is ninety square feet per pupil for preschool children with disabilities,
43 kindergarten programs and grades one through six, one hundred square feet for
44 grades seven and eight, one hundred thirty-four square feet for a school
45 district that provides instruction in grades nine through twelve for fewer
46 than one thousand eight hundred pupils and one hundred twenty-five square

1 feet for a school district that provides instruction in grades nine through
2 twelve for at least one thousand eight hundred pupils. The total number of
3 pupils in grades nine through twelve in the district shall determine the
4 square footage factor to use for net new pupils. The school facilities board
5 may modify the square footage requirements prescribed in this subdivision for
6 particular schools based on any of the following factors:

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

9 (ii) Geographic factors.

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

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

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

29 (d) Once the school district governing board obtains approval from the
30 school facilities board for new facility construction funds, additional
31 portable or modular square footage created for the express purpose of
32 providing temporary space for pupils until the completion of the new facility
33 shall not be included by the school facilities board for the purpose of new
34 construction funding calculations. On completion of the new facility
35 construction project, if the portable or modular facilities continue in use,
36 the portable or modular facilities shall be included as prescribed by this
37 chapter, unless the school facilities board approves their continued use for
38 the purpose of providing temporary space for pupils until the completion of
39 the next new facility that has been approved for funding from the new school
40 facilities fund.

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

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

5 6. IF A SCHOOL DISTRICT LEASES A BUILDING TO ANOTHER ENTITY, INCLUDING
6 A CHARTER SCHOOL THAT IS SPONSORED BY A SCHOOL DISTRICT PURSUANT TO SECTION
7 15-183, THAT BUILDING SHALL BE INCLUDED IN THE SCHOOL DISTRICT'S SQUARE
8 FOOTAGE CALCULATION FOR PURPOSES OF NEW CONSTRUCTION PURSUANT TO THIS
9 SECTION.

10 E. Monies for architectural and engineering fees, project management
11 services and preconstruction services shall be distributed on the completion
12 of the analysis by the school facilities board of the school district's
13 request. After receiving monies pursuant to this subsection, the school
14 district shall submit a design development plan for the school or addition to
15 the school facilities board before any monies for construction are
16 distributed. If the school district's request meets the building adequacy
17 standards, the school facilities board may review and comment on the
18 district's plan with respect to the efficiency and effectiveness of the plan
19 in meeting state square footage and facility standards before distributing
20 the remainder of the monies. If the school facilities board modifies the
21 cost per square foot as prescribed in subsection D, paragraph 3, subdivision
22 (c) of this section, the school facilities board may deduct the cost of
23 project management services and preconstruction services from the required
24 cost per square foot. The school facilities board may decline to fund the
25 project if the square footage is no longer required due to revised enrollment
26 projections.

27 F. The school facilities board shall distribute the monies needed for
28 land for new schools so that land may be purchased at a price that is less
29 than or equal to fair market value and in advance of the construction of the
30 new school. If necessary, the school facilities board may distribute monies
31 for land to be leased for new schools if the duration of the lease exceeds
32 the life expectancy of the school facility by at least fifty per cent. A
33 school district shall not use land purchased or partially purchased with
34 monies provided by the school facilities board for a purpose other than a
35 site for a school facility without obtaining prior written approval from the
36 school facilities board. A school district shall not lease, sell or take any
37 action that would diminish the value of land purchased or partially purchased
38 with monies provided by the school facilities board without obtaining prior
39 written approval from the school facilities board. The proceeds derived
40 through the sale of any land purchased or partially purchased with monies
41 provided by the school facilities board shall be returned to the state fund
42 from which it was appropriated and to any other participating entity on a
43 proportional basis. Except as provided in section 15-342, paragraph 33, if a
44 school district acquires real property by donation at an appropriate school
45 site approved by the school facilities board, the school facilities board
46 shall distribute an amount equal to twenty per cent of the fair market value

1 of the donated real property that can be used for academic purposes. The
2 school district shall place the monies in the unrestricted capital outlay
3 fund and increase the unrestricted capital budget limit by the amount of
4 monies placed in the fund. Monies distributed under this subsection shall be
5 distributed from the new school facilities fund. A school district that
6 receives monies from the new school facilities fund for a donation of land
7 pursuant to section 15-342, paragraph 33 shall not receive monies from the
8 school facilities board for the donation of real property pursuant to this
9 subsection. A school district shall not pay a consultant a percentage of the
10 value of any of the following:

11 1. Donations of real property, services or cash from any of the
12 following:

13 (a) Entities that have offered to provide construction services to the
14 school district.

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

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

18 (d) Entities that develop land for residential use in that school
19 district.

20 2. Monies received from the school facilities board on behalf of the
21 school district.

22 3. Monies paid by the school facilities board on behalf of the school
23 district.

24 G. In addition to distributions to school districts based on pupil
25 growth projections, a school district may submit an application to the school
26 facilities board for monies from the new school facilities fund if one or
27 more school buildings have outlived their useful life. If the school
28 facilities board determines that the school district needs to build a new
29 school building for these reasons, the school facilities board shall remove
30 the square footage computations that represent the building from the
31 computation of the school district's total square footage for purposes of
32 this section. If the square footage recomputation reflects that the school
33 district no longer meets building adequacy standards, the school district
34 qualifies for a distribution of monies from the new school construction
35 formula in an amount determined pursuant to subsection D of this section.
36 Buildings removed from a school district's total square footage pursuant to
37 this subsection shall not be included in the computation of monies from the
38 building renewal fund established by section 15-2031. The school facilities
39 board may only modify the base cost per square foot prescribed in this
40 subsection under extraordinary circumstances for geographic factors or site
41 conditions.

42 H. School districts that receive monies from the new school facilities
43 fund shall establish a district new school facilities fund and shall use the
44 monies in the district new school facilities fund only for the purposes
45 prescribed in this section. By October 15 of each year, each school district
46 shall report to the school facilities board the projects funded at each

1 school in the previous fiscal year with monies from the district new school
2 facilities fund and shall provide an accounting of the monies remaining in
3 the new school facilities fund at the end of the previous fiscal year.

4 I. If a school district has surplus monies received from the new
5 school facilities fund, the school district may use the surplus monies only
6 for capital purposes for the project for up to one year after completion of
7 the project. If the school district possesses surplus monies from the new
8 school construction project that have not been expended within one year of
9 the completion of the project, the school district shall return the surplus
10 monies to the school facilities board for deposit in the new school
11 facilities fund.

12 J. The board's consideration of any application filed after December
13 31 of the year in which the property becomes territory in the vicinity of a
14 military airport or ancillary military facility as defined in section 28-8461
15 for monies to fund the construction of new school facilities proposed to be
16 located in territory in the vicinity of a military airport or ancillary
17 military facility shall include, if after notice is transmitted to the
18 military airport pursuant to section 15-2002 and before the public hearing
19 the military airport provides comments and an analysis concerning
20 compatibility of the proposed school facilities with the high noise or
21 accident potential generated by military airport or ancillary military
22 facility operations that may have an adverse effect on public health and
23 safety, consideration and analysis of the comments and analysis provided by
24 the military airport before making a final determination.

25 K. If a school district uses its own project manager for new school
26 construction, the members of the school district governing board and the
27 project manager shall sign an affidavit stating that the members and the
28 project manager understand and will follow the minimum adequacy requirements
29 prescribed in section 15-2011.

30 L. The school facilities board shall establish a separate account in
31 the new school facilities fund designated as the litigation account to pay
32 attorney fees, expert witness fees and other costs associated with litigation
33 in which the school facilities board pursues the recovery of damages for
34 deficiencies correction that resulted from alleged construction defects or
35 design defects that the school facilities board believes caused or
36 contributed to a failure of the school building to conform to the building
37 adequacy requirements prescribed in section 15-2011. Attorney fees paid
38 pursuant to this subsection shall not exceed the market rate for similar
39 types of litigation. On or before December 1 of each year, the school
40 facilities board shall report to the joint committee on capital review the
41 costs associated with current and potential litigation that may be paid from
42 the litigation account.

43 M. Until the state board of education and the auditor general adopt
44 rules pursuant to section 15-213, subsection I, the school facilities board
45 may allow school districts to contract for construction services and

1 materials through the qualified select bidders list method of project
2 delivery for new school facilities pursuant to this section.

3 N. The school facilities board shall submit electronically a report on
4 project management services and preconstruction services to the governor, the
5 president of the senate and the speaker of the house of representatives by
6 December 31 of each year. The report shall compare projects that use project
7 management and preconstruction services with those that do not. The report
8 shall address cost, schedule and other measurable components of a
9 construction project. School districts, construction manager at risk firms
10 and project management firms that participate in a school facilities board
11 funded project shall provide the information required by the school
12 facilities board in relation to this report.

13 O. If a school district constructs new square footage according to
14 section 15-342, paragraph 33, the school facilities board shall review the
15 design plans and location of any new school facility submitted by school
16 districts and another party to determine whether the design plans comply with
17 the adequacy standards prescribed in section 15-2011 and the square footage
18 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)
19 of this section. When the school district qualifies for a distribution of
20 monies from the new school facilities fund according to this section, the
21 school facilities board shall distribute monies to the school district from
22 the new school facilities fund for the square footage constructed under
23 section 15-342, paragraph 33 at the same cost per square foot established by
24 this section that was in effect at the time of the beginning of the
25 construction of the school facility. Before the school facilities board
26 distributes any monies pursuant to this subsection, the school district shall
27 demonstrate to the school facilities board that the facilities to be funded
28 pursuant to this section meet the minimum adequacy standards prescribed in
29 section 15-2011. The agreement entered into pursuant to section 15-342,
30 paragraph 33 shall set forth the procedures for the allocation of these funds
31 to the parties that participated in the agreement.

32 Sec. 11. Additional assistance funding for charter schools;
33 reduction for fiscal year 2012-2013

34 In addition to any other reductions made in fiscal year 2012-2013, for
35 fiscal year 2012-2013, the department of education shall reduce by the amount
36 identified in the general appropriations act the amount of additional
37 assistance funding that otherwise would be apportioned to charter schools
38 statewide for fiscal year 2012-2013 pursuant to section 15-185, subsection B,
39 paragraph 4, Arizona Revised Statutes, as amended by this act. The funding
40 reduction required under this section shall be made on a proportional basis
41 based on the additional assistance funding that each charter school in the
42 state would have received for fiscal year 2012-2013 without the prescribed
43 reduction.

44 Sec. 12. Joint technical education district equalization
45 funding

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

5 Sec. 13. Soft capital allocation reduction for school districts
6 for fiscal year 2012-2013

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

12 B. For fiscal year 2012-2013, the department of education shall reduce
13 the soft capital allocation for a school district that is not eligible to
14 receive basic state aid funding for fiscal year 2012-2013 by the amount that
15 its soft capital allocation would be reduced pursuant to subsection A of this
16 section if the district was eligible to receive basic state aid funding for
17 fiscal year 2012-2013 and shall reduce the school district's budget limits
18 accordingly.

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

21 Sec. 14. Early graduation scholarship program; funding
22 suspension; temporary moratorium on new program
23 participants

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

28 B. Notwithstanding section 15-105, subsection F, Arizona Revised
29 Statutes, for fiscal year 2012-2013 the department of education shall not
30 transmit any monies to the commission for postsecondary education for the
31 early graduation scholarship program.

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

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

41 Sec. 15. School facilities board; new construction moratorium

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

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

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

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

13 E. It is the intent of the legislature to evaluate long-term funding
14 for new school facilities on review of additional demographic data and other
15 information, as submitted by school districts during the capital review
16 process specified in subsection B of this section.

17 Sec. 16. Building renewal fund; suspension in fiscal year
18 2012-2013

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

22 Sec. 17. Capital outlay revenue limit reduction for school
23 districts for fiscal year 2012-2013

24 A. For fiscal year 2012-2013, the department of education shall reduce
25 by \$80,864,800 the amount of basic state aid that otherwise would be
26 apportioned to school districts statewide for fiscal year 2012-2013 for the
27 capital outlay revenue control limit prescribed in section 15-961, Arizona
28 Revised Statutes, and shall reduce school district budget limits accordingly.

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

36 Sec. 18. K-12 formula reductions; small districts; maximum

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

40 Sec. 19. Deposits in the education learning and accountability
41 fund

42 On or before December 31, 2012, each community college district shall
43 transmit six dollars per full-time student equivalent according to the most
44 recent audit and each university under the jurisdiction of the Arizona board
45 of regents shall transmit six dollars per actual university full-time
46 equivalent student to the department of education for deposit in the

S.B. 1529

1 education learning and accountability fund established by section 15-249.02,
2 Arizona Revised Statutes, as amended by this act.

APPROVED BY THE GOVERNOR MAY 7, 2012.

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