

State of Arizona  
Senate  
Fifty-first Legislature  
First Regular Session  
2013

**CHAPTER 251**  
**SENATE BILL 1447**

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-185.01; AMENDING SECTIONS 15-239, 15-241, 15-249.01, 15-393, 15-771, 15-797, 15-821, 15-828, 15-901, 15-905, 15-905.01, 15-922, 15-945, 15-947, 15-973.01, 15-974, 15-991, 15-1041, 15-1042, 15-1043 AND 43-617, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-183, Arizona Revised Statutes, is amended to  
3 read:

4 15-183. Charter schools; application; requirements; immunity;  
5 exemptions; renewal of application; reprisal; fee;  
6 funds

7 A. An applicant seeking to establish a charter school shall submit a  
8 written application to a proposed sponsor as prescribed in subsection C of  
9 this section. The application, application process and application time  
10 frames shall be posted on the sponsor's website and shall include the  
11 following, as specified in the application adopted by the sponsor:

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

16 B. The sponsor of a charter school may contract with a public body,  
17 private person or private organization for the purpose of establishing a  
18 charter school pursuant to this article.

19 C. The sponsor of a charter school may be either a school district  
20 governing board, the state board of education, the state board for charter  
21 schools, a university under the jurisdiction of the Arizona board of regents,  
22 a community college district with enrollment of more than fifteen thousand  
23 full-time equivalent students or a group of community college districts with  
24 a combined enrollment of more than fifteen thousand full-time equivalent  
25 students, subject to the following requirements:

26 1. For charter schools that submit an application for sponsorship to a  
27 school district governing board:

28 (a) An applicant for a charter school may submit its application to a  
29 school district governing board, which shall either accept or reject  
30 sponsorship of the charter school within ninety days. An applicant may  
31 submit a revised application for reconsideration by the governing board. If  
32 the governing board rejects the application, the governing board shall notify  
33 the applicant in writing of the reasons for the rejection. The applicant may  
34 request, and the governing board may provide, technical assistance to improve  
35 the application.

36 (b) In the first year that a school district is determined to be out  
37 of compliance with the uniform system of financial records, within fifteen  
38 days of the determination of noncompliance, the school district shall notify  
39 by certified mail each charter school sponsored by the school district that  
40 the school district is out of compliance with the uniform system of financial  
41 records. The notification shall include a statement that if the school  
42 district is determined to be out of compliance for a second consecutive year,  
43 the charter school will be required to transfer sponsorship to another entity  
44 pursuant to subdivision (c) of this paragraph.

45 (c) In the second consecutive year that a school district is  
46 determined to be out of compliance with the uniform system of financial

1 records, within fifteen days of the determination of noncompliance, the  
2 school district shall notify by certified mail each charter school sponsored  
3 by the school district that the school district is out of compliance with the  
4 uniform system of financial records. A charter school that receives a  
5 notification of school district noncompliance pursuant to this subdivision  
6 shall file a written sponsorship transfer application within forty-five days  
7 with the state board of education, the state board for charter schools or the  
8 school district governing board if the charter school is located within the  
9 geographic boundaries of that school district. A charter school that  
10 receives a notification of school district noncompliance may request an  
11 extension of time to file a sponsorship transfer application, and the state  
12 board of education, the state board for charter schools or a school district  
13 governing board may grant an extension of not more than an additional thirty  
14 days if good cause exists for the extension. The state board of education  
15 and the state board for charter schools shall approve a sponsorship transfer  
16 application pursuant to this paragraph.

17 (d) A school district governing board shall not grant a charter to a  
18 charter school that is located outside the geographic boundaries of that  
19 school district.

20 (e) A school district that has been determined to be out of compliance  
21 with the uniform system of financial records during either of the previous  
22 two fiscal years shall not sponsor a new or transferring charter school.

23 2. The applicant may submit the application to the state board of  
24 education or the state board for charter schools. The state board of  
25 education or the state board for charter schools may approve the application  
26 if the application meets the requirements of this article and may approve the  
27 charter if the proposed sponsor determines, within its sole discretion, that  
28 the applicant is sufficiently qualified to operate a charter school and that  
29 the applicant is applying to operate as a separate charter holder by  
30 considering factors such as whether:

31 (a) The schools have separate governing bodies, governing body  
32 membership, staff, facilities, and student population.

33 (b) Daily operations are carried out by different administrators.

34 (c) The applicant intends to have an affiliation agreement for the  
35 purpose of providing enrollment preferences.

36 (d) The applicant's charter management organization has multiple  
37 charter holders serving varied grade configurations on one physical site or  
38 nearby sites serving one community.

39 (e) It is reconstituting an existing school site population at the  
40 same or new site.

41 (f) It is reconstituting an existing grade configuration from a prior  
42 charter holder with at least one grade remaining on the original site with  
43 the other grade or grades moving to a new site.

44 The state board of education or the state board for charter schools may  
45 approve any charter schools transferring charters. The state board of  
46 education and the state board for charter schools shall approve any charter

1 schools transferring charters from a school district that is determined to be  
2 out of compliance with the uniform system of financial records pursuant to  
3 this section, but may require the charter school to sign a new charter that  
4 is equivalent to the charter awarded by the former sponsor. If the state  
5 board of education or the state board for charter schools rejects the  
6 preliminary application, the state board of education or the state board for  
7 charter schools shall notify the applicant in writing of the reasons for the  
8 rejection and of suggestions for improving the application. An applicant may  
9 submit a revised application for reconsideration by the state board of  
10 education or the state board for charter schools. The applicant may request,  
11 and the state board of education or the state board for charter schools may  
12 provide, technical assistance to improve the application.

13 3. The applicant may submit the application to a university under the  
14 jurisdiction of the Arizona board of regents, a community college district or  
15 a group of community college districts. A university, a community college  
16 district or a group of community college districts may approve the  
17 application if it meets the requirements of this article and if the proposed  
18 sponsor determines, in its sole discretion, that the applicant is  
19 sufficiently qualified to operate a charter school.

20 4. Each applicant seeking to establish a charter school shall submit a  
21 full set of fingerprints to the approving agency for the purpose of obtaining  
22 a state and federal criminal records check pursuant to section 41-1750 and  
23 Public Law 92-544. If an applicant will have direct contact with students,  
24 the applicant shall possess a valid fingerprint clearance card that is issued  
25 pursuant to title 41, chapter 12, article 3.1. The department of public  
26 safety may exchange this fingerprint data with the federal bureau of  
27 investigation. The criminal records check shall be completed before the  
28 issuance of a charter.

29 5. All persons engaged in instructional work directly as a classroom,  
30 laboratory or other teacher or indirectly as a supervisory teacher, speech  
31 therapist or principal shall have a valid fingerprint clearance card that is  
32 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a  
33 volunteer or guest speaker who is accompanied in the classroom by a person  
34 with a valid fingerprint clearance card. A charter school shall not employ a  
35 teacher whose certificate has been surrendered or revoked, unless the  
36 teacher's certificate has been subsequently reinstated by the state board of  
37 education. All other personnel shall be fingerprint checked pursuant to  
38 section 15-512. Before employment, the charter school shall make documented,  
39 good faith efforts to contact previous employers of a person to obtain  
40 information and recommendations that may be relevant to a person's fitness  
41 for employment as prescribed in section 15-512, subsection F. The charter  
42 school shall notify the department of public safety if the charter school or  
43 sponsor receives credible evidence that a person who possesses a valid  
44 fingerprint clearance card is arrested for or is charged with an offense  
45 listed in section 41-1758.03, subsection B. Charter schools may hire  
46 personnel that have not yet received a fingerprint clearance card if proof is

1 provided of the submission of an application to the department of public  
2 safety for a fingerprint clearance card and if the charter school that is  
3 seeking to hire the applicant does all of the following:

4 (a) Documents in the applicant's file the necessity for hiring and  
5 placement of the applicant before receiving a fingerprint clearance card.

6 (b) Ensures that the department of public safety completes a statewide  
7 criminal records check on the applicant. A statewide criminal records check  
8 shall be completed by the department of public safety every one hundred  
9 twenty days until the date that the fingerprint check is completed.

10 (c) Obtains references from the applicant's current employer and the  
11 two most recent previous employers except for applicants who have been  
12 employed for at least five years by the applicant's most recent employer.

13 (d) Provides general supervision of the applicant until the date that  
14 the fingerprint card is obtained.

15 (e) Completes a search of criminal records in all local jurisdictions  
16 outside of this state in which the applicant has lived in the previous five  
17 years.

18 (f) Verifies the fingerprint status of the applicant with the  
19 department of public safety.

20 6. A charter school that complies with the fingerprinting requirements  
21 of this section shall be deemed to have complied with section 15-512 and is  
22 entitled to the same rights and protections provided to school districts by  
23 section 15-512.

24 7. If a charter school operator is not already subject to a public  
25 meeting or hearing by the municipality in which the charter school is  
26 located, the operator of a charter school shall conduct a public meeting at  
27 least thirty days before the charter school operator opens a site or sites  
28 for the charter school. The charter school operator shall post notices of  
29 the public meeting in at least three different locations that are within  
30 three hundred feet of the proposed charter school site.

31 8. A person who is employed by a charter school or who is an applicant  
32 for employment with a charter school, who is arrested for or charged with a  
33 nonappealable offense listed in section 41-1758.03, subsection B and who does  
34 not immediately report the arrest or charge to the person's supervisor or  
35 potential employer is guilty of unprofessional conduct and the person shall  
36 be immediately dismissed from employment with the charter school or  
37 immediately excluded from potential employment with the charter school.

38 9. A person who is employed by a charter school and who is convicted  
39 of any nonappealable offense listed in section 41-1758.03, subsection B or is  
40 convicted of any nonappealable offense that amounts to unprofessional conduct  
41 under section 15-550 shall immediately do all of the following:

42 (a) Surrender any certificates issued by the department of education.

43 (b) Notify the person's employer or potential employer of the  
44 conviction.

45 (c) Notify the department of public safety of the conviction.

46 (d) Surrender the person's fingerprint clearance card.

1           D. An entity that is authorized to sponsor charter schools pursuant to  
2 this article has no legal authority over or responsibility for a charter  
3 school sponsored by a different entity. This subsection does not apply to  
4 the state board of education's duty to exercise general supervision over the  
5 public school system pursuant to section 15-203, subsection A, paragraph 1.

6           E. The charter of a charter school shall do all of the following:

7           1. Ensure compliance with federal, state and local rules, regulations  
8 and statutes relating to health, safety, civil rights and insurance. The  
9 department of education shall publish a list of relevant rules, regulations  
10 and statutes to notify charter schools of their responsibilities under this  
11 paragraph.

12           2. Ensure that it is nonsectarian in its programs, admission policies  
13 and employment practices and all other operations.

14           3. Ensure that it provides a comprehensive program of instruction for  
15 at least a kindergarten program or any grade between grades one and twelve,  
16 except that a school may offer this curriculum with an emphasis on a specific  
17 learning philosophy or style or certain subject areas such as mathematics,  
18 science, fine arts, performance arts or foreign language.

19           4. Ensure that it designs a method to measure pupil progress toward  
20 the pupil outcomes adopted by the state board of education pursuant to  
21 section 15-741.01, including participation in the Arizona instrument to  
22 measure standards test and the nationally standardized norm-referenced  
23 achievement test as designated by the state board and the completion and  
24 distribution of an annual report card as prescribed in chapter 7, article 3  
25 of this title.

26           5. Ensure that, except as provided in this article and in its charter,  
27 it is exempt from all statutes and rules relating to schools, governing  
28 boards and school districts.

29           6. Ensure that, except as provided in this article, it is subject to  
30 the same financial and electronic data submission requirements as a school  
31 district, including the uniform system of financial records as prescribed in  
32 chapter 2, article 4 of this title, procurement rules as prescribed in  
33 section 15-213 and audit requirements. The auditor general shall conduct a  
34 comprehensive review and revision of the uniform system of financial records  
35 to ensure that the provisions of the uniform system of financial records that  
36 relate to charter schools are in accordance with commonly accepted accounting  
37 principles used by private business. A school's charter may include  
38 exceptions to the requirements of this paragraph that are necessary as  
39 determined by the district governing board, the state board of education or  
40 the state board for charter schools. The department of education or the  
41 office of the auditor general may conduct financial, program or compliance  
42 audits.

43           7. Ensure compliance with all federal and state laws relating to the  
44 education of children with disabilities in the same manner as a school  
45 district.

1           8. Ensure that it provides for a governing body for the charter school  
2 that is responsible for the policy decisions of the charter school.  
3 Notwithstanding section 1-216, if there is a vacancy or vacancies on the  
4 governing body, a majority of the remaining members of the governing body  
5 constitute a quorum for the transaction of business, unless that quorum is  
6 prohibited by the charter school's operating agreement.

7           9. Ensure that it provides a minimum of one hundred ~~seventy-five~~  
8 **EIGHTY** instructional days before June 30 of each fiscal year unless it is  
9 operating on an alternative calendar approved by its sponsor. The  
10 superintendent of public instruction shall adjust the apportionment schedule  
11 accordingly to accommodate a charter school utilizing an alternative  
12 calendar.

13           F. A charter school shall keep on file the resumes of all current and  
14 former employees who provide instruction to pupils at the charter school.  
15 Resumes shall include an individual's educational and teaching background and  
16 experience in a particular academic content subject area. A charter school  
17 shall inform parents and guardians of the availability of the resume  
18 information and shall make the resume information available for inspection on  
19 request of parents and guardians of pupils enrolled at the charter school.  
20 This subsection does not require any charter school to release personally  
21 identifiable information in relation to any teacher or employee, including  
22 the teacher's or employee's address, salary, social security number or  
23 telephone number.

24           G. The charter of a charter school may be amended at the request of  
25 the governing body of the charter school and on the approval of the sponsor.

26           H. Charter schools may contract, sue and be sued.

27           I. The charter is effective for fifteen years from the first day of  
28 the fiscal year as specified in the charter, subject to the following:

29           1. At least eighteen months before the expiration of the charter, the  
30 sponsor shall notify the charter school that the charter school may apply for  
31 renewal and shall make the renewal application available to the charter  
32 school. A charter school that elects to apply for renewal shall file a  
33 complete renewal application at least fifteen months before the expiration of  
34 the charter. A sponsor shall give written notice of its intent not to renew  
35 the charter school's request for renewal to the charter school at least  
36 twelve months before the expiration of the charter. The sponsor shall make  
37 data used in making renewal decisions available to the school and the public  
38 and shall provide a public report summarizing the evidence basis for each  
39 decision. The sponsor may deny the request for renewal if, in its judgment,  
40 the charter holder has failed to do any of the following:

41           (a) Meet or make sufficient progress toward the academic performance  
42 expectations set forth in the performance framework.

43           (b) Meet the operational performance expectations set forth in the  
44 performance framework or any improvement plans.

45           (c) Complete the obligations of the contract.

1 (d) Comply with this article or any provision of law from which the  
2 charter school is not exempt.

3 2. A charter operator may apply for early renewal. At least nine  
4 months before the charter school's intended renewal consideration, the  
5 operator of the charter school shall submit a letter of intent to the sponsor  
6 to apply for early renewal. The sponsor shall review fiscal audits and  
7 academic performance data for the charter school that are annually collected  
8 by the sponsor, review the current contract between the sponsor and the  
9 charter school and provide the qualifying charter school with a renewal  
10 application. On submission of a complete application, the sponsor shall give  
11 written notice of its consideration of the renewal application. The sponsor  
12 may deny the request for early renewal if, in the sponsor's judgment, the  
13 charter holder has failed to do any of the following:

14 (a) Meet or make sufficient progress toward the academic performance  
15 expectations set forth in the performance framework.

16 (b) Meet the operational performance expectations set forth in the  
17 performance framework or any improvement plans.

18 (c) Complete the obligations of the contract.

19 (d) Comply with this article or any provision of law from which the  
20 charter school is not exempt.

21 3. A sponsor shall review a charter at five-year intervals using a  
22 performance framework adopted by the sponsor and may revoke a charter at any  
23 time if the charter school breaches one or more provisions of its charter or  
24 if the sponsor determines that the charter holder has failed to do any of the  
25 following:

26 (a) Meet or make sufficient progress toward the academic performance  
27 expectations set forth in the performance framework.

28 (b) Meet the operational performance expectations set forth in the  
29 performance framework or any improvement plans.

30 (c) Comply with this article or any provision of law from which the  
31 charter school is not exempt.

32 4. At least sixty days before the effective date of the proposed  
33 revocation, the sponsor shall give written notice to the operator of the  
34 charter school of its intent to revoke the charter. Notice of the sponsor's  
35 intent to revoke the charter shall be delivered personally to the operator of  
36 the charter school or sent by certified mail, return receipt requested, to  
37 the address of the charter school. The notice shall incorporate a statement  
38 of reasons for the proposed revocation of the charter. The sponsor shall  
39 allow the charter school at least sixty days to correct the problems  
40 associated with the reasons for the proposed revocation of the charter. The  
41 final determination of whether to revoke the charter shall be made at a  
42 public hearing called for such purpose.

43 J. The charter may be renewed for successive periods of twenty years.

44 K. A charter school that is sponsored by the state board of education,  
45 the state board for charter schools, a university, a community college  
46 district or a group of community college districts may not be located on the

1 property of a school district unless the district governing board grants this  
2 authority.

3 L. A governing board or a school district employee who has control  
4 over personnel actions shall not take unlawful reprisal against another  
5 employee of the school district because the employee is directly or  
6 indirectly involved in an application to establish a charter school. A  
7 governing board or a school district employee shall not take unlawful  
8 reprisal against an educational program of the school or the school district  
9 because an application to establish a charter school proposes the conversion  
10 of all or a portion of the educational program to a charter school. For the  
11 purposes of this subsection, "unlawful reprisal" means an action that is  
12 taken by a governing board or a school district employee as a direct result  
13 of a lawful application to establish a charter school and that is adverse to  
14 another employee or an education program and:

15 1. With respect to a school district employee, results in one or more  
16 of the following:

17 (a) Disciplinary or corrective action.

18 (b) Detail, transfer or reassignment.

19 (c) Suspension, demotion or dismissal.

20 (d) An unfavorable performance evaluation.

21 (e) A reduction in pay, benefits or awards.

22 (f) Elimination of the employee's position without a reduction in  
23 force by reason of lack of monies or work.

24 (g) Other significant changes in duties or responsibilities that are  
25 inconsistent with the employee's salary or employment classification.

26 2. With respect to an educational program, results in one or more of  
27 the following:

28 (a) Suspension or termination of the program.

29 (b) Transfer or reassignment of the program to a less favorable  
30 department.

31 (c) Relocation of the program to a less favorable site within the  
32 school or school district.

33 (d) Significant reduction or termination of funding for the program.

34 M. Charter schools shall secure insurance for liability and property  
35 loss. The governing body of a charter school that is sponsored by the state  
36 board of education or the state board for charter schools may enter into an  
37 intergovernmental agreement or otherwise contract to participate in an  
38 insurance program offered by a risk retention pool established pursuant to  
39 section 11-952.01 or 41-621.01 or the charter school may secure its own  
40 insurance coverage. The pool may charge the requesting charter school  
41 reasonable fees for any services it performs in connection with the insurance  
42 program.

43 N. Charter schools do not have the authority to acquire property by  
44 eminent domain.

1           O. A sponsor, including members, officers and employees of the  
2 sponsor, is immune from personal liability for all acts done and actions  
3 taken in good faith within the scope of its authority.

4           P. Charter school sponsors and this state are not liable for the debts  
5 or financial obligations of a charter school or persons who operate charter  
6 schools.

7           Q. The sponsor of a charter school shall establish procedures to  
8 conduct administrative hearings on determination by the sponsor that grounds  
9 exist to revoke a charter. Procedures for administrative hearings shall be  
10 similar to procedures prescribed for adjudicative proceedings in title 41,  
11 chapter 6, article 10. Except as provided in section 41-1092.08, subsection  
12 H, final decisions of the state board of education and the state board for  
13 charter schools from hearings conducted pursuant to this subsection are  
14 subject to judicial review pursuant to title 12, chapter 7, article 6.

15           R. The sponsoring entity of a charter school shall have oversight and  
16 administrative responsibility for the charter schools that it sponsors. In  
17 implementing its oversight and administrative responsibilities, the sponsor  
18 shall ground its actions in evidence of the charter holder's performance in  
19 accordance with the performance framework adopted by the sponsor. The  
20 performance framework shall be publicly available, **SHALL BE** placed on the  
21 sponsoring entity's website and shall include:

22           1. The academic performance expectations of the charter school and the  
23 measurement of sufficient progress toward the academic performance  
24 expectations.

25           2. The operational expectations of the charter school, including  
26 adherence to all applicable laws and obligations of the charter contract.

27           3. Intervention and improvement policies.

28           S. Charter schools may pledge, assign or encumber their assets to be  
29 used as collateral for loans or extensions of credit.

30           T. All property accumulated by a charter school shall remain the  
31 property of the charter school.

32           U. Charter schools may not locate a school on property that is less  
33 than one-fourth mile from agricultural land regulated pursuant to section  
34 3-365, except that the owner of the agricultural land may agree to comply  
35 with the buffer zone requirements of section 3-365. If the owner agrees in  
36 writing to comply with the buffer zone requirements and records the agreement  
37 in the office of the county recorder as a restrictive covenant running with  
38 the title to the land, the charter school may locate a school within the  
39 affected buffer zone. The agreement may include any stipulations regarding  
40 the charter school, including conditions for future expansion of the school  
41 and changes in the operational status of the school that will result in a  
42 breach of the agreement.

43           V. A transfer of a charter to another sponsor, a transfer of a charter  
44 school site to another sponsor or a transfer of a charter school site to a  
45 different charter shall be completed before the beginning of the fiscal year  
46 that the transfer is scheduled to become effective. An entity that sponsors

1 charter schools may accept a transferring school after the beginning of the  
2 fiscal year if the transfer is approved by the superintendent of public  
3 instruction. The superintendent of public instruction shall have the  
4 discretion to consider each transfer during the fiscal year on a case by case  
5 basis. If a charter school is sponsored by a school district that is  
6 determined to be out of compliance with this title, the uniform system of  
7 financial records or any other state or federal law, the charter school may  
8 transfer to another sponsoring entity at any time during the fiscal year. A  
9 charter holder seeking to transfer sponsors shall comply with the current  
10 charter terms regarding assignment of the charter. A charter holder  
11 transferring sponsors shall notify the current sponsor that the transfer has  
12 been approved by the new sponsor.

13 W. Notwithstanding subsection V of this section, a charter holder on  
14 an improvement plan must notify parents or guardians of registered students  
15 of the intent to transfer the charter and the timing of the proposed  
16 transfer. On the approved transfer, the new sponsor shall enforce the  
17 improvement plan but may modify the plan based on performance.

18 X. Notwithstanding subsection Y of this section, the state board for  
19 charter schools shall charge a processing fee to any charter school that  
20 amends its contract to participate in Arizona online instruction pursuant to  
21 section 15-808. The charter Arizona online instruction processing fund is  
22 established consisting of fees collected and administered by the state board  
23 for charter schools. The state board for charter schools shall use monies in  
24 the fund only for the processing of contract amendments for charter schools  
25 participating in Arizona online instruction. Monies in the fund are  
26 continuously appropriated.

27 Y. The sponsoring entity may not charge any fees to a charter school  
28 that it sponsors unless the sponsor has provided services to the charter  
29 school and the fees represent the full value of those services provided by  
30 the sponsor. On request, the value of the services provided by the sponsor  
31 to the charter school shall be demonstrated to the department of education.

32 Z. Charter schools may enter into an intergovernmental agreement with  
33 a presiding judge of the juvenile court to implement a law related education  
34 program as defined in section 15-154. The presiding judge of the juvenile  
35 court may assign juvenile probation officers to participate in a law related  
36 education program in any charter school in the county. The cost of juvenile  
37 probation officers who participate in the program implemented pursuant to  
38 this subsection shall be funded by the charter school.

39 AA. The sponsor of a charter school shall modify previously approved  
40 curriculum requirements for a charter school that wishes to participate in  
41 the board examination system prescribed in chapter 7, article 6 of this  
42 title.

43 BB. If a charter school decides not to participate in the board  
44 examination system prescribed in chapter 7, article 6 of this title, pupils  
45 enrolled at that charter school may earn a Grand Canyon diploma by obtaining  
46 a passing score on the same board examinations.

1 CC. Notwithstanding subsection Y of this section, a sponsor of charter  
2 schools may charge a new charter application processing fee to any applicant.  
3 The application fee shall fully cover the cost of application review and any  
4 needed technical assistance. Authorizers may approve policies that allow a  
5 portion of the fee to be returned to the applicant whose charter is approved.

6 DD. A CHARTER SCHOOL MAY CHOOSE TO PROVIDE A PRESCHOOL PROGRAM FOR  
7 CHILDREN WITH DISABILITIES PURSUANT TO SECTION 15-771.

8 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:

9 15-185. Charter schools; financing; civil penalty;  
10 transportation; definitions

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

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

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

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

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

41 (b) Compute separate weighted student counts pursuant to section  
42 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
43 school pupils in order to maintain eligibility for small school district  
44 support level weights authorized in section 15-943, paragraph 1 for its  
45 noncharter school pupils only. The portion of a district's student count

1 that is attributable to charter school pupils is not eligible for small  
2 school district support level weights.

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

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

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

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

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

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

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

1 assistance based on the report. A charter school shall revise its student  
2 count, base support level and additional assistance before May 15. A charter  
3 school that overestimated its student count shall revise its budget before  
4 May 15. A charter school that underestimated its student count may revise  
5 its budget before May 15.

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

9 4. Equalization assistance for the charter school shall be determined  
10 by adding the amount of the base support level and additional assistance.  
11 The amount of the additional assistance is one thousand six hundred  
12 fifty-four dollars forty-one cents per student count in **PRESCHOOL PROGRAMS**  
13 **FOR CHILDREN WITH DISABILITIES**, kindergarten programs and grades one through  
14 eight and one thousand nine hundred twenty-eight dollars nineteen cents per  
15 student count in grades nine through twelve.

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

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

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

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

1 sum shall be reduced to 1.0 and shall be apportioned between the public  
2 school and the charter school based on the percentage of total time that the  
3 pupil is enrolled or in attendance in the public school and the charter  
4 school, ~~except that if the pupil is enrolled in both a charter school and a~~  
5 ~~joint technical education district and resides within the boundaries of a~~  
6 ~~school district participating in the joint technical education district, the~~  
7 ~~sum of the average daily membership for that pupil in the charter school and~~  
8 ~~the joint technical education district shall be reduced to 1.25 and shall be~~  
9 ~~apportioned between the charter school and the joint technical education~~  
10 ~~district based on the percentage of total time that the pupil is enrolled or~~  
11 ~~in attendance in the charter school and the joint technical education~~  
12 ~~district.~~ The uniform system of financial records shall include guidelines  
13 for the apportionment of the pupil enrollment and attendance as provided in  
14 this section.

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

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

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

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

36 E. If a charter school was a district public school in the prior year  
37 and is now being operated for or by the same school district and sponsored by  
38 the state board of education, the state board for charter schools, a  
39 university, a community college district, a group of community college  
40 districts or a school district governing board, the reduction in subsection D  
41 of this section applies. The reduction to the base support level of the  
42 charter school or the sponsoring district of the charter school shall equal  
43 the sum of the base support level and the additional assistance received in  
44 the current year for those pupils who were enrolled in the traditional public  
45 school in the prior year and are now enrolled in the charter school in the  
46 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.

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

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

3 Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes, is  
4 amended by adding section 15-185.01, to read:

5 15-185.01. Charter school pupils attending joint technical  
6 education districts; average daily membership  
7 calculation

8 NOTWITHSTANDING SECTION 15-185, SUBSECTION C, IF A PUPIL IS ENROLLED IN  
9 BOTH A CHARTER SCHOOL AND A JOINT TECHNICAL EDUCATION DISTRICT AND RESIDES  
10 WITHIN THE BOUNDARIES OF A SCHOOL DISTRICT PARTICIPATING IN THE JOINT  
11 TECHNICAL EDUCATION DISTRICT, THE AVERAGE DAILY MEMBERSHIP FOR THAT PUPIL  
12 SHALL BE CALCULATED IN THE SAME MANNER PRESCRIBED FOR A PUPIL WHO IS ENROLLED  
13 IN BOTH THE MEMBER SCHOOL DISTRICT AND A JOINT TECHNOLOGICAL EDUCATION  
14 DISTRICT PURSUANT TO SECTION 15-393.

15 Sec. 4. Section 15-239, Arizona Revised Statutes, is amended to read:

16 15-239. School compliance and recognition; accreditation;  
17 audits

18 A. The department of education may:

19 1. Monitor school districts to ascertain that laws applying to the  
20 school districts are implemented as prescribed by law.

21 2. Adopt a system of recognition for school districts that meet or  
22 exceed the requirements of the law that apply to the school districts.

23 3. Establish standards and procedures for the accreditation of all  
24 schools requesting state accreditation.

25 B. The department of education may adopt guidelines necessary to  
26 implement this section.

27 C. The department of education may conduct financial, compliance or  
28 average daily membership audits of school districts and charter schools.  
29 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the  
30 department of education shall include at least a ten per cent sample of daily  
31 attendance records as part of the average daily membership audits.

32 D. The auditor general may conduct financial, program, compliance or  
33 average daily membership audits of school districts and charter schools.  
34 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the  
35 auditor general shall include at least a ten per cent sample of daily  
36 attendance records as part of the average daily membership audits.

37 E. When conducting monitoring and audit activities allowed by this  
38 section, the department of education shall prescribe an audit window of up to  
39 three consecutive fiscal years immediately preceding the current fiscal year  
40 at the time the monitoring or audit activity commences. If the department  
41 issues findings within twenty-four months after the beginning of audit or  
42 monitoring activities, the department may adjust funding to a school district  
43 or charter school if actions that took place within the audit window resulted  
44 in overpayment or underpayment of state aid to the school district or charter  
45 school OR THE MISCALCULATION OF THE BUDGET LIMIT FOR THE SCHOOL DISTRICT, OR  
46 BOTH. NOTWITHSTANDING SECTION 15-901, SUBSECTION A, PARAGRAPH 1, SUBDIVISION

1 (a), ADJUSTMENTS TO AVERAGE DAILY MEMBERSHIP FOR FAILURE TO PROVIDE  
2 SUFFICIENT INSTRUCTIONAL TIME TO MEET THE REQUIREMENTS FOR A FULL-TIME  
3 STUDENT PURSUANT TO SECTION 15-901, SUBSECTION A, PARAGRAPH 1, SUBDIVISION  
4 (b), MAY BE MADE PROPORTIONATELY ACCORDING TO THE PERCENTAGE BY WHICH THE  
5 INSTRUCTIONAL TIME PROVIDED DOES NOT MEET THE REQUIRED NUMBER OF  
6 INSTRUCTIONAL HOURS PRESCRIBED FOR THAT GRADE LEVEL. ADJUSTMENTS TO STATE  
7 AID AND BUDGET LIMITS AS PRESCRIBED BY THIS SUBSECTION SHALL BE MADE IN  
8 ACCORDANCE WITH SECTION 15-915.

9 Sec. 5. Section 15-241, Arizona Revised Statutes, is amended to read:

10 15-241. School and school district accountability; failing  
11 schools tutoring fund; classification label for  
12 school districts and charter school operators

13 A. The department of education shall compile an annual achievement  
14 profile for each public school and school district.

15 B. Each school and school district shall submit to the department any  
16 data that is required and requested and that is necessary to compile the  
17 achievement profile. A school or school district that fails to submit the  
18 information that is necessary is not eligible to receive monies from the  
19 classroom site fund established by section 15-977.

20 C. The department shall establish a baseline achievement profile for  
21 each school and school district. The baseline achievement profile shall be  
22 used to determine a standard measurement of acceptable academic progress for  
23 each school and school district and a school and school district  
24 classification pursuant to subsection H of this section. Any disclosure of  
25 educational records compiled by the department of education pursuant to this  
26 section shall comply with the family educational rights and privacy act of  
27 1974 (20 United States Code section 1232g).

28 D. The achievement profile for schools and school districts that offer  
29 instruction in kindergarten programs and grades one through eight, or any  
30 combination of those programs or grades, shall include the following school  
31 academic performance indicators:

32 1. The Arizona measure of academic progress. The department shall  
33 compute the extent of academic progress made by the pupils in each school and  
34 school district during the course of each year.

35 2. The Arizona instrument to measure standards test. The department  
36 shall compute the percentage of pupils who meet or exceed the standard on the  
37 Arizona instrument to measure standards test, as prescribed by the state  
38 board of education. The superintendent of public instruction and the  
39 department may calculate academic gain on the Arizona instrument to measure  
40 standards test according to each of the school classifications prescribed in  
41 subsection G of this section on a statewide basis, for each school district  
42 in this state and for each school by determining the average scale scores for  
43 students in the current academic year as compared to the average scale scores  
44 for the previous academic year for the same students.

1           3. The results of English language learners tests administered  
2 pursuant to section 15-756, subsection B, section 15-756.05 and section  
3 15-756.06.

4           E. The achievement profile for schools and school districts that offer  
5 instruction in grades nine through twelve, or any combination of those  
6 grades, shall include the following school academic performance indicators:

7           1. The Arizona measure of academic progress. The department shall  
8 compute the extent of academic progress made by the pupils at each school.

9           2. The Arizona instrument to measure standards test. The department  
10 shall compute the percentage of pupils pursuant to subsection G of this  
11 section who meet or exceed the standard on the Arizona instrument to measure  
12 standards test, as prescribed by the state board of education. The  
13 superintendent of public instruction and the department may calculate  
14 academic gain on the Arizona instrument to measure standards test according  
15 to each of the school classifications prescribed in subsection G of this  
16 section on a statewide basis, for each school district in this state and for  
17 each school by determining the average scale scores for students in the  
18 current academic year as compared to the average scale scores for the  
19 previous academic year for the same students.

20           3. The annual dropout rate.

21           4. The annual graduation rate.

22           5. The results of English language learners tests administered  
23 pursuant to section 15-756, subsection B, section 15-756.05 and section  
24 15-756.06.

25           F. Schools and school districts that offer instruction in all or a  
26 combination of the grades specified in subsections D and E of this section  
27 shall include a single achievement profile for that school and school  
28 district that includes the school academic performance indicators specified  
29 in subsections D and E of this section.

30           G. Subject to final adoption by the state board of education, the  
31 department shall determine the criteria for each school and school district  
32 classification using a research based methodology. The methodology shall  
33 include the performance of pupils at all achievement levels, account for  
34 pupil mobility, account for the distribution of pupil achievement at each  
35 school and school district and include longitudinal indicators of academic  
36 performance. Fifty per cent of the school and school district classification  
37 determination shall consist of academic performance measurements. Fifty per  
38 cent of the academic performance measurement shall consist of a measurement  
39 of academic gain for all pupils enrolled at the school or school district and  
40 fifty per cent of the academic performance measurements shall consist of a  
41 measurement of the twenty-five per cent of pupils with the lowest academic  
42 performance measurement enrolled at the school or school district. For the  
43 purposes of this subsection, "research based methodology" means the  
44 systematic and objective application of statistical and quantitative research  
45 principles to determine a standard measurement of acceptable academic  
46 progress for each school and school district.

1 H. Except as provided in subsection EE of this section, the  
2 achievement profile shall be used to determine a school and school district  
3 classification that uses a letter grade system as follows:

4 1. A school or school district assigned a letter grade of A shall  
5 demonstrate an excellent level of performance.

6 2. A school or school district assigned a letter grade of B shall  
7 demonstrate an above average level of performance.

8 3. A school or school district assigned a letter grade of C shall  
9 demonstrate an average level of performance.

10 4. A school or school district assigned a letter grade of D shall  
11 demonstrate a below average level of performance.

12 5. A school or school district assigned a letter grade of F shall  
13 demonstrate a failing level of performance. The state board of education may  
14 also assign a school a letter grade of F if the state board of education  
15 determines that the school is among the "persistently lowest-achieving  
16 schools" in the state under the federal school accountability requirements  
17 pursuant to section 1003(g) of the elementary and secondary education act (20  
18 United States Code section 6303).

19 I. The classification for each school and the criteria used to  
20 determine classification pursuant to subsection G of this section shall be  
21 included on the school report card prescribed in section 15-746.

22 J. Subject to final adoption by the state board of education, the  
23 department of education shall develop a parallel achievement profile for  
24 accommodation schools, alternative schools as defined by the state board of  
25 education and extremely small schools as defined by the state board of  
26 education for the purposes of this section.

27 K. If a school is assigned a letter grade of D, within ninety days  
28 after receiving notice of the designation, the governing board shall develop  
29 an improvement plan for the school, submit a copy of the plan to the  
30 superintendent of public instruction and the county educational service  
31 agency and supervise the implementation of the plan. The plan shall include  
32 necessary components as identified by the state board of education. Within  
33 thirty days after submitting the improvement plan to the superintendent of  
34 public instruction and the county educational service agency, the governing  
35 board shall hold a special public meeting in each school that has been  
36 assigned a letter grade of D and shall present the respective improvement  
37 plans that have been developed for each school. The school district  
38 governing board, within thirty days of receiving notice of the designation,  
39 shall provide written notification of the classification to each residence  
40 within the attendance area of the school. The notice shall explain the  
41 improvement plan process and provide information regarding the public meeting  
42 required by this subsection.

43 L. A school that has not submitted an improvement plan pursuant to  
44 subsection K of this section is not eligible to receive monies from the  
45 classroom site fund established by section 15-977 for every day that a plan  
46 has not been received by the superintendent of public instruction within the

1 time specified in subsection K of this section plus an additional ninety  
2 days. The state board of education shall require the superintendent of the  
3 school district to testify before the board and explain the reasons that an  
4 improvement plan for that school has not been submitted.

5 M. If a charter school is assigned a letter grade of D, within thirty  
6 days the school shall notify the parents of the students attending the school  
7 of the classification. The notice shall explain the improvement plan process  
8 and provide information regarding the public meeting required by this  
9 subsection. Within ninety days of receiving the classification, the charter  
10 holder shall present an improvement plan to the charter sponsor at a public  
11 meeting and submit a copy of the plan to the superintendent of public  
12 instruction. The improvement plan shall include necessary components as  
13 identified by the state board of education. For every day that an  
14 improvement plan is not received by the superintendent of public instruction  
15 and the county educational service agency, the school is not eligible to  
16 receive monies from the classroom site fund established by section 15-977 for  
17 every day that a plan has not been received by the superintendent of public  
18 instruction within the time specified in subsection K of this section plus an  
19 additional ninety days. The charter holder shall appear before the  
20 sponsoring board and explain why the improvement plan has not been submitted.

21 N. The department of education shall establish an appeals process, to  
22 be approved by the state board of education, for a school to appeal data used  
23 to determine the achievement profile of the school. The criteria established  
24 shall be based on mitigating factors and may include a visit to the school  
25 site by the department of education.

26 O. If a school is assigned a letter grade of D for a third consecutive  
27 year, the department of education shall visit the school site to confirm the  
28 classification data and to review the implementation of the school's  
29 improvement plan. The school shall be assigned a letter grade of F unless an  
30 alternate letter grade is assigned after an appeal pursuant to subsection N  
31 of this section. A school that is assigned a letter grade of D for less than  
32 three consecutive years may also be assigned a letter grade of F if the state  
33 board of education determines that there is no reasonable likelihood that the  
34 school will achieve an average level of performance within the next two  
35 years.

36 P. The school district governing board, within thirty days of  
37 receiving notice of the school being assigned a letter grade of F, shall  
38 provide written notification of the classification to each residence in the  
39 attendance area of the school. The notice shall explain the improvement plan  
40 process and provide information regarding the public meeting required by  
41 subsection S of this section.

42 Q. The superintendent of public instruction in collaboration with the  
43 county educational service agency, based on need, shall assign a solutions  
44 team to a school assigned a letter grade of D, a school assigned a letter  
45 grade of F or any other school pursuant to a mutual agreement between the  
46 department of education and the school ~~comprised~~ COMPOSED of master teachers,

1 fiscal analysts and curriculum assessment experts who are certified by the  
2 state board of education as Arizona academic standards technicians. The  
3 department of education or the county educational service agency may hire or  
4 contract with administrators, principals and teachers who have demonstrated  
5 experience with the characteristics and situations in a school assigned a  
6 letter grade of D or F and may use these personnel as part of the solutions  
7 team. The department of education shall work with staff at the school to  
8 assist in curricula alignment and shall instruct teachers on how to increase  
9 pupil academic progress, considering the school's achievement profile. The  
10 solutions team shall consider the existing improvement plan to assess the  
11 need for changes to curriculum, professional development and resource  
12 allocation and shall present a statement of its findings to the school  
13 administrator and district superintendent. Within forty-five days after the  
14 presentation of the solutions team's statement of findings, the school  
15 district governing board, in cooperation with each school within the school  
16 district that is assigned a letter grade of D and its assigned solutions team  
17 representative, shall develop and submit to the department of education and  
18 the county educational service agency an action plan that details the manner  
19 in which the school district will assist the school as the school  
20 incorporates the findings of the solutions team into the improvement plan.  
21 The department of education shall review the action plan and shall either  
22 accept the action plan or return the action plan to the school district for  
23 modification. If the school district does not submit an approved action plan  
24 within forty-five days, the state board of education may direct the  
25 superintendent of public instruction to withhold up to ten per cent of state  
26 monies that the school district would otherwise be entitled to receive each  
27 month until the plan is submitted to the department of education and the  
28 county educational service agency, at which time those monies shall be  
29 returned to the school district.

30 R. The parent or the guardian of the pupil may apply to the department  
31 of education, in a manner determined by the department of education, for a  
32 certificate of supplemental instruction from the failing schools tutoring  
33 fund established by this section. Pupils attending a school assigned a  
34 letter grade of D or F or a pupil who has failed to pass one or more portions  
35 of the Arizona instrument to measure standards test in grades eight through  
36 twelve in order to graduate from high school may select an alternative  
37 tutoring program in academic standards from a provider that is certified by  
38 the state board of education. To qualify, the provider must state in writing  
39 a level of academic improvement for the pupil that includes a timeline for  
40 improvement that is agreed to by the parent or guardian of the pupil. The  
41 state board of education shall annually review academic performance levels  
42 for providers certified pursuant to this subsection and may remove a provider  
43 at a public hearing from an approved list of providers if that provider fails  
44 to meet its stated level of academic improvement. The state board of  
45 education shall determine the application guidelines and the maximum value  
46 for each certificate of supplemental instruction. The state board of

1 education shall annually complete a market survey in order to determine the  
2 maximum value for each certificate of supplemental instruction. This  
3 subsection shall not be construed to require the state to provide additional  
4 monies beyond the monies provided pursuant to section 42-5029, subsection E,  
5 paragraph 7.

6 S. Within sixty days of receiving notification of a school being  
7 assigned a letter grade of F, the school district governing board shall  
8 evaluate needed changes to the existing improvement plan for the school,  
9 consider recommendations from the solutions team, submit a copy of the plan  
10 to the superintendent of public instruction and the county educational  
11 service agency and supervise the implementation of the plan. Within thirty  
12 days after submitting the improvement plan to the superintendent of public  
13 instruction, the governing board shall hold a public meeting in each school  
14 that has been assigned a letter grade of F and shall present the respective  
15 improvement plans that have been developed for each school.

16 T. A school that has not submitted an improvement plan pursuant to  
17 subsection S of this section is not eligible to receive monies from the  
18 classroom site fund established by section 15-977 for every day that a plan  
19 has not been received by the superintendent of public instruction within the  
20 time specified in subsection S of this section plus an additional ninety  
21 days. The state board of education shall require the superintendent of the  
22 school district to testify before the board and explain the reasons that an  
23 improvement plan for that school has not been submitted.

24 U. If a charter school is assigned a letter grade of F, the department  
25 of education shall immediately notify the charter school's sponsor. The  
26 charter school's sponsor shall either take action to restore the charter  
27 school to acceptable performance or revoke the charter school's charter.  
28 Within thirty days the school shall notify the parents of the students  
29 attending the school of the classification and of any pending public meetings  
30 to review the issue.

31 V. A school that has been assigned a letter grade of F shall be  
32 evaluated by the department of education to determine if the school failed to  
33 properly implement its school improvement plan, align the curriculum with  
34 academic standards, provide teacher training, prioritize the budget or  
35 implement other proven strategies to improve academic performance. After  
36 visiting the school site pursuant to subsection O of this section, the  
37 department of education shall submit to the state board of education a  
38 recommendation to proceed pursuant to subsections Q, R and S of this section  
39 or that the school be subject to a public hearing to determine if the school  
40 failed to properly implement its improvement plan and the reasons for the  
41 department's recommendation.

42 W. If the department does recommend a public hearing, the state board  
43 of education shall meet and may provide by a majority vote at the public  
44 hearing for the continued operation of the school as allowed by this  
45 subsection. The state board of education shall determine whether  
46 governmental, nonprofit and private organizations may submit applications to

1 the state board to fully or partially manage the school. The state board's  
2 determination shall include:

3 1. If and to what extent the local governing board may participate in  
4 the operation of the school including personnel matters.

5 2. If and to what extent the state board of education shall  
6 participate in the operation of the school.

7 3. Resource allocation pursuant to subsection Y of this section.

8 4. Provisions for the development and submittal of a school  
9 improvement plan to be presented in a public meeting at the school.

10 5. A suggested time frame for the alternative operation of the school.

11 X. The state board shall periodically review the status of a school  
12 that is operated by an organization other than the school district governing  
13 board to determine whether the operation of the school should be returned to  
14 the school district governing board. Before the state board makes a  
15 determination, the state board or its designee shall meet with the school  
16 district governing board or its designee to determine the time frame,  
17 operational considerations and the appropriate continuation of existing  
18 improvements that are necessary to assure a smooth transition of authority  
19 from the other organization back to the school district governing board.

20 Y. If an alternative operation plan is provided pursuant to subsection  
21 W of this section, the state board of education shall pay for the operation  
22 of the school and shall adjust the school district's soft capital allocation  
23 pursuant to section 15-962, capital outlay revenue limit pursuant to section  
24 15-961, base support level pursuant to section 15-943, monies distributed  
25 from the classroom site fund established by section 15-977 and transportation  
26 support level pursuant to section 15-945 to accurately reflect any reduction  
27 in district services that are no longer provided to that school by the  
28 district. The state board of education may modify the school district's  
29 revenue control limit, the district support level and the general budget  
30 limit calculated pursuant to section 15-947 by an amount that corresponds to  
31 this reduction in services. The state board of education shall retain the  
32 portion of state aid that would otherwise be due the school district for the  
33 school and shall distribute that portion of state aid directly to the  
34 organization that contracts with the state board of education to operate the  
35 school.

36 Z. If the state board of education determines that a charter school  
37 failed to properly implement its improvement plan, the sponsor of the charter  
38 school shall revoke the charter school's charter.

39 AA. If there are more than two schools in a district and more than  
40 one-half, or in any case more than five, of the schools in the district are  
41 assigned a letter grade of F for more than two consecutive years, in the next  
42 election of members of the governing board the election ballot shall contain  
43 the following statement immediately above the listing of governing board  
44 candidates:

45 Within the last five years, (number of schools) schools in the  
46 \_\_\_\_\_ school district have been assigned a letter grade of F

1 or designated as "schools failing to meet academic standards" by  
2 the superintendent of public instruction.

3 BB. At least twice each year the department of education shall publish  
4 in a newspaper of general circulation in each county of this state a list of  
5 schools that are assigned a letter grade of F.

6 CC. The failing schools tutoring fund is established consisting of  
7 monies collected pursuant to section 42-5029, subsection E as designated for  
8 this purpose. The department of education shall administer the fund. The  
9 department of education may use monies from the fund to purchase materials  
10 designed to assist students to meet the Arizona academic standards and to  
11 achieve a passing score on the Arizona instrument to measure standards test  
12 in order to graduate from high school.

13 DD. The department of education may develop a classification label for  
14 school districts and charter school operators. If the department of  
15 education develops a classification label for school districts and charter  
16 school operators, the classification label may be developed from the  
17 following components:

18 1. Measures of academic progress.

19 2. Pupil assessment data.

20 3. The attendance rates and graduation rates of pupils who are  
21 educated in that charter school operator's charter schools or in that school  
22 district's schools.

23 4. The percentage of the parents of pupils enrolled in that charter  
24 school operator's charter schools or in that school district's schools that  
25 categorizes the quality of their child's education as excellent on a parental  
26 rating of school quality.

27 EE. The state board of education shall determine appropriate  
28 modifications to the criteria used to calculate achievement profiles for  
29 schools that participate in the board examination system prescribed in  
30 chapter 7, article 6 of this title.

31 FF. The state board of education shall adopt guidelines to include  
32 supplementary training in reading instruction for teachers who provide  
33 instruction to pupils in a kindergarten program or grade one, two or three in  
34 an improvement plan pursuant to subsection K of this section.

35 GG. In addition to any other corrective procedures prescribed in this  
36 section and section 15-241.01, a school that has been assigned a letter grade  
37 of D or F for two consecutive years shall implement a science, technology,  
38 engineering and mathematics intervention strategy under the supervision of  
39 the state board of education.

40 HH. In addition to any other corrective procedures prescribed in this  
41 section a school district that has been assigned a letter grade of D or F for  
42 two consecutive years shall implement a parent involvement strategy. The  
43 parent involvement strategy shall be included in the school improvement ~~plans~~  
44 **PLAN** for each applicable school within the district, as prescribed in  
45 subsection K of this section.

1 II. THE DEPARTMENT OF EDUCATION SHALL PUBLISH CRITERIA FOR A SCHOOL OR  
2 SCHOOL DISTRICT'S EXIT STATUS FROM A PREVIOUS ASSIGNMENT OF A LETTER GRADE OF  
3 F IN ACCORDANCE WITH THIS SECTION. THE CRITERIA SHALL PRESCRIBE THE ACTIONS  
4 AND RESULTS NECESSARY TO BE DEEMED TO HAVE COMPLIED WITH THIS SECTION  
5 REGARDING SCHOOL IMPROVEMENT, INCLUDING THE PROPER IMPLEMENTATION OF A SCHOOL  
6 IMPROVEMENT PLAN PURSUANT TO SUBSECTION V OF THIS SECTION. THESE CRITERIA  
7 SHALL BE PROVIDED TO A SCHOOL OR SCHOOL DISTRICT IF IT IS ASSIGNED A LETTER  
8 GRADE OF F PURSUANT TO THIS SECTION.

9 Sec. 6. Section 15-249.01, Arizona Revised Statutes, is amended to  
10 read:

11 15-249.01. Data governance commission; membership; terms;  
12 duties

13 A. The data governance commission is established in the department of  
14 education consisting of:

15 1. The chief technology managers, or the managers' designees, of each  
16 of the universities under the jurisdiction of the Arizona board of regents.

17 2. The chief technology manager, or the manager's designee, of a  
18 community college district located in a county with a population of eight  
19 hundred thousand persons or more who has expertise in technology and who is  
20 appointed by the governor.

21 3. The chief technology manager, or the manager's designee, of a  
22 community college district located in a county with a population of less than  
23 eight hundred thousand persons who has expertise in technology and who is  
24 appointed by the governor.

25 4. The chief executive officer of the Arizona early childhood  
26 development and health board or the chief executive officer's designee.

27 5. An officer or employee of a school district located in a county  
28 with a population of eight hundred thousand persons or more who has expertise  
29 in technology and who is appointed by the governor.

30 6. An officer or employee of a school district located in a county  
31 with a population of less than eight hundred thousand persons who has  
32 expertise in technology and who is appointed by the governor.

33 7. An officer or employee of a charter school located in a county with  
34 a population of eight hundred thousand persons or more who has expertise in  
35 technology and who is appointed by the president of the senate.

36 8. An officer or employee of a charter school located in a county with  
37 a population of less than eight hundred thousand persons who has expertise in  
38 technology and who is appointed by the speaker of the house of  
39 representatives.

40 9. Two representatives of the business community, one of whom is  
41 appointed by the president of the senate and one of whom is appointed by the  
42 speaker of the house of representatives.

43 10. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE DIRECTOR'S  
44 DESIGNEE.

45 ~~10.~~ 11. The superintendent of public instruction or the  
46 superintendent's designee.

1 B. The initial appointed members shall assign themselves by lot to  
2 terms of two, three and four years in office. All subsequent appointed  
3 members of the commission shall serve four year terms. The chairperson shall  
4 notify the governor, the speaker of the house of representatives and the  
5 president of the senate on appointments of these terms. Members of the  
6 commission shall elect a chairperson from among the members of the  
7 commission. Members of the commission shall not receive compensation. The  
8 department of education shall provide adequate staff support for the  
9 commission.

10 C. The commission shall identify, examine and evaluate the needs of  
11 public institutions ~~who~~ THAT provide instruction to pupils in preschool  
12 PROGRAMS, kindergarten PROGRAMS, grades one through twelve and postsecondary  
13 programs in Arizona and shall:

14 1. Establish guidelines related to the following:

15 (a) Managed data access.

16 (b) Technology.

17 (c) Privacy and security.

18 (d) Adequacy of training.

19 (e) Adequacy of data model implementation.

20 (f) Prioritization of funding opportunities.

21 (g) Resolution of data conflicts.

22 (h) THE FORM AND FORMAT OF DATA ELEMENTS THAT ARE REQUIRED FOR STATE  
23 AND FEDERAL REPORTING AND INTERAGENCY DATA SHARING.

24 2. Provide recommendations on technology spending.

25 3. Provide analyses and recommendations of the following:

26 (a) The control of data confidentiality and data security for stored  
27 data and data in transmission.

28 (b) Access privileges and access management.

29 (c) Data audit management, including data quality metrics, sanctions  
30 and incentives for data quality improvement.

31 (d) Data standards for stored data and data in transmission, including  
32 rules for definition, format, source, provenance, element level and  
33 contextual integrity.

34 (e) Documentation standards for data elements and systems components.

35 (f) Data archival and retrieval management systems, including change  
36 control and change tracking.

37 (g) Publication of standard and ad hoc reports for state and local  
38 level use on student achievement.

39 (h) Publication of implementation timelines and progress.

40 4. ENSURE THAT THE GUIDELINES AND RECOMMENDATIONS ADOPTED PURSUANT TO  
41 THIS SUBSECTION REDUCE DUPLICATION AND ADMINISTRATIVE REQUIREMENTS FOR PUBLIC  
42 SCHOOLS, POSTSECONDARY INSTITUTIONS AND PUBLIC AGENCIES.

43 ~~4.~~ 5. Submit an annual report on or before December 1 regarding the  
44 commission's activities to the governor, the speaker of the house of  
45 representatives and the president of the senate. The data governance  
46 commission shall provide copies of this report to the secretary of state.

1           Sec. 7. Section 15-393, Arizona Revised Statutes, is amended to read:  
2           15-393. Joint technical education district governing board:  
3                 report; definition

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

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

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

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

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

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

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

- 10           1. Chapter 1, articles 1 through 6.
- 11           2. Sections 15-208, 15-210, 15-213 and 15-234.
- 12           3. Articles 2, 3 and 5 of this chapter.
- 13           4. Section 15-361.
- 14           5. Chapter 4, articles 1, 2 and 5.
- 15           6. Chapter 5, articles 1, 2 and 3.
- 16           7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
17 and 15-730.
- 18           8. Chapter 7, article 5.
- 19           9. Chapter 8, articles 1, 3 and 4.
- 20           10. Sections 15-828 and 15-829.
- 21           11. Chapter 9, article 1, article 6, except for section 15-995, and  
22 article 7.
- 23           12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 24           13. Sections 15-1101 and 15-1104.
- 25           14. Chapter 10, articles 2, 3, 4 and 8.

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

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

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

37           3. If a career and technical education course or program provided  
38 pursuant to this article is provided in a facility owned or operated by a  
39 school district in which a pupil is enrolled, including satellite courses,  
40 the sum of the average daily membership, as provided in section 15-901,  
41 subsection A, paragraph 1, for that pupil in both the school district and  
42 joint technical education district shall not exceed 1.25. The sum of the  
43 average daily membership, as provided in section 15-901, subsection A,  
44 paragraph 1, shall not exceed 1.25 for the courses taken in the school  
45 district and the facility, including satellite courses. The school district

1 and the joint district shall determine the apportionment of the average daily  
2 membership for that pupil between the school district and the joint district.

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

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

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

19 (c) For the first year of operation, the joint district shall revise  
20 the student count to the actual average daily membership as prescribed in  
21 section 15-901, subsection A, paragraph 1 for students attending classes in  
22 the joint district. A joint district shall revise its student count, the  
23 base support level as provided in section 15-943.02, the revenue control  
24 limit as provided in section 15-944.01, the capital outlay revenue limit and  
25 the soft capital allocation as provided in section 15-962.01 prior to May 15.  
26 A joint district that overestimated its student count shall revise its budget  
27 prior to May 15. A joint district that underestimated its student count may  
28 revise its budget prior to May 15.

29 (d) After March 15 of the first year of operation, the district of  
30 residence shall adjust its student count by reducing it to reflect the  
31 courses actually taken at the joint district. The district of residence  
32 shall revise its student count, the base support level as provided in section  
33 15-943, the revenue control limit as provided in section 15-944, the capital  
34 outlay revenue limit as provided in section 15-961 and the soft capital  
35 allocation as provided in section 15-962 prior to May 15. A district that  
36 underestimated the student count for students attending the joint district  
37 shall revise its budget prior to May 15. A district that overestimated the  
38 student count for students attending the joint district may revise its budget  
39 prior to May 15.

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

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

44 (g) Pupils in an approved joint technical education district  
45 centralized program may generate an average daily membership of 1.0 during

1 any day of the week and at any time between July 1 and June 30 of each fiscal  
2 year.

3 For the purposes of this paragraph, "district of residence" means the  
4 district that included the pupil in its average daily membership for the year  
5 before the first year of operation of the joint district and that would have  
6 included the pupil in its student count for the purposes of computing its  
7 base support level for the fiscal year of the first year of operation of the  
8 joint district if the pupil had not enrolled in the joint district.

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

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

16 (b) A student in a kindergarten program or in grades one through nine  
17 who is enrolled in career and technical education courses shall not be funded  
18 in whole or in part with monies provided by a joint technical education  
19 district, except that a pupil in grade eight or nine may be funded with  
20 monies generated by the five cent qualifying tax rate authorized in  
21 subsection F of this section.

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

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

27 ~~7. A joint district may use the excess utility costs provisions of~~  
28 ~~section 15-910 in the same manner as a school district for fiscal years~~  
29 ~~1999-2000 and 2000-2001, except that the base year shall be the first full~~  
30 ~~fiscal year of operations.~~

31 ~~8.~~ 7. A joint district may use the carryforward provisions of section  
32 15-943.01 retroactively to July 1, 1993.

33 ~~9.~~ 8. A school district that is part of a joint district shall use  
34 any monies received pursuant to this article to supplement and not supplant  
35 base year career and technical education courses, and directly related  
36 equipment and facilities, except that a school district that is part of a  
37 joint technical education district and that has used monies received pursuant  
38 to this article to supplant career and technical education courses that were  
39 offered before the first year that the school district participated in the  
40 joint district or the first year that the school district used monies  
41 received pursuant to this article or that used the monies for purposes other  
42 than for career and technical education courses shall use one hundred per  
43 cent of the monies received pursuant to this article to supplement and not  
44 supplant base year career and technical education courses.

1       ~~10-~~ 9. A joint technical education district shall use any monies  
2 received pursuant to this article to enhance and not supplant career and  
3 technical education courses and directly related equipment and facilities.

4       ~~11-~~ 10. A joint technical education district or a school district that  
5 is part of a joint district shall only include pupils in grades ten through  
6 twelve in the calculation of student count or average daily membership if the  
7 pupils are enrolled in courses that are approved jointly by the governing  
8 board of the joint technical education district and each participating school  
9 district for satellite courses taught within the participating school  
10 district, or approved solely by the joint technical education district for  
11 centrally located courses. Student count and average daily membership from  
12 courses that are not part of an approved program for career and technical  
13 education shall not be included in student count and average daily membership  
14 of a joint technical education district.

15       E. The joint board shall appoint a superintendent as the executive  
16 officer of the joint district.

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

24       G. The schools in the joint district are available to all persons who  
25 reside in the joint district and to pupils whose district of residence is  
26 paying tuition on behalf of the pupils to a district of attendance that is a  
27 member of the joint technical education district, subject to the rules for  
28 admission prescribed by the joint board.

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

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

36       J. One member of the joint board shall be selected chairman. The  
37 chairman shall be selected annually on a rotation basis from among the  
38 participating school districts. The chairman of the joint board shall be a  
39 voting member.

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

43       L. Any agreement between the governing board of a joint technical  
44 education district and another joint technical education district, a school  
45 district, a charter school or a community college district shall be in the  
46 form of an intergovernmental agreement or other written contract. The

1 auditor general shall modify the uniform system of financial records and  
2 budget forms in accordance with this subsection. The intergovernmental  
3 agreement or other written contract shall completely and accurately specify  
4 each of the following:

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

7 2. The accountability provisions of the intergovernmental agreement or  
8 other written contract.

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

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

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

17 6. The transportation services that will be provided under the  
18 intergovernmental agreement or other written contract and the manner in which  
19 transportation costs will be paid.

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

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

26 9. That the payment for services shall not exceed the cost of the  
27 services provided.

28 M. On or before December 31 of each year, each joint technical  
29 education district shall submit a detailed report to the career and technical  
30 education division of the department of education. The career and technical  
31 education division of the department of education shall collect, summarize  
32 and analyze the data submitted by the joint districts, shall submit an annual  
33 report that summarizes the data submitted by the joint districts to the  
34 governor, the speaker of the house of representatives, the president of the  
35 senate and the state board of education and shall submit a copy of this  
36 report to the secretary of state. The data submitted by each joint technical  
37 education district shall include the following:

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

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

41 3. The costs associated with each program offered by the joint  
42 district.

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



1 the department of education. A CHARTER SCHOOL MAY CHOOSE TO MAKE AVAILABLE  
2 AN EDUCATIONAL PROGRAM FOR PRESCHOOL CHILDREN WITH DISABILITIES. The state  
3 board of education shall prescribe rules for use by school districts in the  
4 provision of educational programs for preschool children with disabilities.  
5 School districts are required to, AND CHARTER SCHOOLS MAY, make available  
6 educational programs for ~~and,~~ PRESCHOOL CHILDREN WHO MEET THE DEFINITION OF  
7 ONE OF THE CONDITIONS PRESCRIBED IN PARAGRAPHS 1 THROUGH 5 OF THIS  
8 SUBSECTION. For the purposes of calculating average daily membership, SCHOOL  
9 DISTRICTS AND CHARTER SCHOOLS may count only those preschool children who  
10 meet the definition of one of the following conditions:

- 11 1. Hearing impairment.
- 12 2. Visual impairment.
- 13 3. Developmental delay.
- 14 4. Preschool severe delay.
- 15 5. Speech/language impairment.

16 B. The state board of education shall annually distribute to school  
17 districts AND CHARTER SCHOOLS THAT CHOOSE TO PROVIDE PRESCHOOL PROGRAMS  
18 PURSUANT TO THIS SECTION at least ten per cent of the monies it receives  
19 under 20 United States Code section 1411(c)(2) for preschool programs for  
20 children with disabilities. The state board shall prescribe rules for the  
21 distribution of the monies to school districts AND CHARTER SCHOOLS.

22 C. The governing board of a school district OR THE APPROPRIATE  
23 APPROVING BODY OF A CHARTER SCHOOL may submit a proposal to the state board  
24 of education as prescribed by the state board to receive monies for preschool  
25 programs for children with disabilities as provided in this section. A  
26 school district ~~which~~ THAT receives monies as provided in this section shall  
27 include the monies in the special projects section of the budget as provided  
28 in section 15-903, subsection F.

29 D. All school districts shall cooperate, if appropriate, with  
30 community organizations that provide services to preschool children with  
31 disabilities in the provision of the district's preschool program for  
32 children with disabilities.

33 E. A school district OR CHARTER SCHOOL may not admit a child to a  
34 preschool program for children with disabilities unless the child is  
35 evaluated and recommended for placement as provided in sections 15-766 and  
36 15-767.

37 F. For the purpose of allocating monies pursuant to 20 United States  
38 Code section 1419(g)(1)(B)(i), "jurisdiction" includes high school pupils  
39 whose parents reside within the boundaries of a common school district. The  
40 common school district shall ensure such high school pupils are not counted  
41 by any other school district.

42 G. For the purposes of this section, "preschool child" means a child  
43 who is at least three years of age but who has not reached the age required  
44 for kindergarten. A preschool child is three years of age as of the date of  
45 the child's third birthday. The governing board of a school district OR THE  
46 APPROPRIATE APPROVING BODY OF A CHARTER SCHOOL may admit otherwise eligible

1 children who are within ninety days of their third birthday, if it is  
2 determined to be in the best interest of the individual child. Children who  
3 are admitted to programs for preschool children ~~prior to~~ BEFORE their third  
4 birthday are entitled to the same provision of services as if they were three  
5 years of age.

6 Sec. 9. Section 15-797, Arizona Revised Statutes, is amended to read:  
7 15-797. Financial provisions for pupils in alternative  
8 education programs

9 A. School districts may count pupils for daily attendance as provided  
10 in section 15-901 who are not actually and physically in attendance in a  
11 recognized common or high school but who are enrolled in and actually and  
12 physically in attendance in an alternative education program which is  
13 provided by any public body or private person and which meets the standards  
14 that the state board of education and the governing board prescribe for the  
15 course of study given in the common and high schools.

16 B. The governing board of a school district shall prescribe procedures  
17 for verifying the attendance of pupils enrolled in an alternative education  
18 program which is provided by any public body or private person.

19 C. The governing board may make payments for the cost of the education  
20 of pupils as provided in this article not to exceed the cost per student  
21 count as provided in section 15-824, subsection G.

22 ~~D. School districts operating alternative schools pursuant to this~~  
23 ~~section and charter schools operating on approved alternative calendars~~  
24 ~~pursuant to section 15-183 may count pupils as having attended full time in~~  
25 ~~any week for which the pupil was enrolled in and physically attended at least~~  
26 ~~twenty hours of instruction during that week.~~

27 ~~E.~~ D. School districts operating alternative schools pursuant to this  
28 section and charter schools operating on approved alternative calendars  
29 pursuant to section 15-183 shall comply with the annual hours of instruction  
30 requirement pursuant to section 15-901.

31 Sec. 10. Section 15-821, Arizona Revised Statutes, is amended to read:  
32 15-821. Admission of children; required age

33 A. Unless otherwise provided by article 1.1 of this chapter or by any  
34 other law, all schools shall admit children who are between the ages of six  
35 and twenty-one years, who reside in the school district and who meet the  
36 requirements for enrollment in one of the grades or programs offered in the  
37 school. A school may refuse to admit a child who has graduated from a high  
38 school with a recognized diploma.

39 B. If a preschool program for children with disabilities is  
40 maintained, a child is eligible for admission as prescribed in section  
41 15-771.

42 C. If a kindergarten program is maintained, a child is eligible for  
43 admission to kindergarten if the child is five years of age. A child is  
44 deemed five years of age if the child reaches the age of five before  
45 September 1 of the current school year. A child is eligible for admission to  
46 first grade if the child is six years of age. A child is deemed six years of

1 age if the child reaches the age of six before September 1 of the current  
2 school year. ~~If a child who has not reached the age of five before September~~  
3 ~~1 of the current school year is admitted to kindergarten and then repeats~~  
4 ~~kindergarten in the following school year, a school district or charter~~  
5 ~~school is not eligible to receive basic state aid on behalf of that child~~  
6 ~~during the child's second year of kindergarten. If a child who has not~~  
7 ~~reached the age of five before September 1 of the current school year is~~  
8 ~~admitted to kindergarten but does not remain enrolled a school district or~~  
9 ~~charter school may receive a portion of basic state aid on behalf of that~~  
10 ~~child in the subsequent year. A school district or charter school may charge~~  
11 ~~tuition for any child who is ineligible for basic state aid pursuant to this~~  
12 ~~subsection.~~ The governing board may admit children who have not reached the  
13 required age as prescribed by this subsection if it is determined to be in  
14 the best interest of the children. For children entering the first grade,  
15 such determination shall be based upon one or more consultations with the  
16 parent, parents, guardian or guardians, the children, the teacher and the  
17 school principal. Such children must reach the required age of five for  
18 kindergarten and six for first grade by January 1 of the current school year.

19 D. Notwithstanding any other law, a child who resides with a family  
20 member other than the child's parent while awaiting the outcome of a legal  
21 guardianship or custody proceeding is deemed to reside in the school district  
22 where that family member resides if the family member provides written  
23 documentary proof of one of the following:

24 1. The family member is attempting to obtain legal guardianship of the  
25 child in an unresolved and uncontested guardianship proceeding commenced in  
26 superior court. The family member shall provide documentation to the school  
27 district within thirty days of enrollment that the family member is  
28 attempting to obtain legal guardianship of the child. ~~Upon~~ ON obtaining  
29 legal guardianship, the family member shall provide documentation to the  
30 school district.

31 2. The family member is attempting to obtain custody of the child in  
32 an unresolved and uncontested child custody proceeding commenced in superior  
33 court. The family member shall provide documentation to the school district  
34 within thirty days of enrollment that the family member is attempting to  
35 obtain custody of the child. ~~Upon~~ ON obtaining custody, the family member  
36 shall provide documentation to the school district.

37 Sec. 11. Section 15-828, Arizona Revised Statutes, is amended to read:  
38 15-828. Birth certificate; school records; exception

39 A. On enrollment of a pupil for the first time in a particular school  
40 district or private school offering instruction to pupils in any kindergarten  
41 programs or grades one through twelve, that school or school district shall  
42 notify the person enrolling the pupil in writing that within thirty days the  
43 person must provide one of the following:

- 44 1. A certified copy of the pupil's birth certificate.
- 45 2. Other reliable proof of the pupil's identity and age, including the  
46 pupil's baptismal certificate, an application for a social security number or

1 original school registration records and an affidavit explaining the  
2 inability to provide a copy of the birth certificate.

3 3. A letter from the authorized representative of an agency having  
4 custody of the pupil pursuant to title 8, chapter 2 certifying that the pupil  
5 has been placed in the custody of the agency as prescribed by law.

6 B. If a child is instructed at home pursuant to section 15-802, the  
7 person who has custody of the child shall, within thirty days after the home  
8 instruction begins, provide to the county school superintendent of the county  
9 in which the child resides one of the following:

10 1. A certified copy of the child's birth certificate.

11 2. Other reliable proof of the child's identity and age, including the  
12 child's baptismal certificate, an application for a social security number or  
13 original school registration records and an affidavit explaining the  
14 inability to provide a copy of the birth certificate.

15 3. A letter from the authorized representative of an agency having  
16 custody of the pupil pursuant to title 8, chapter 2 certifying that the pupil  
17 has been placed in the custody of the agency as prescribed by law.

18 C. On presentation of a document pursuant to this section, a photocopy  
19 of the document shall be placed in the pupil's file and the document that is  
20 presented shall be returned.

21 D. A PUPIL SHALL BE ENROLLED IN THE SCHOOL OR SCHOOL DISTRICT, OR THE  
22 COUNTY SCHOOL SUPERINTENDENT SHALL RECORD THE PUPIL'S NAME, USING THE NAME  
23 THAT IS PRINTED ON THE BIRTH CERTIFICATE, OTHER RELIABLE PROOF OF THE PUPIL'S  
24 IDENTITY, OR LETTER FROM AN AGENCY HAVING CUSTODY OF THE PUPIL PROVIDED  
25 PURSUANT TO THIS SECTION. THIS SUBSECTION DOES NOT PROHIBIT A SCHOOL OR  
26 SCHOOL DISTRICT FROM CALLING A PUPIL BY ANY NAME THE PUPIL'S PARENT OR  
27 GUARDIAN WISHES THE PUPIL TO BE CALLED.

28 ~~D.~~ E. On the failure of a person enrolling a pupil or instructing a  
29 child at home to comply with subsection A or B of this section, the school,  
30 school district or county school superintendent shall notify that person in  
31 writing that, unless the person complies within ten days, the case shall be  
32 referred to the local law enforcement agency for investigation. If  
33 compliance is not obtained within the ten day period, the school, school  
34 district or county school superintendent shall refer the case to the local  
35 law enforcement agency.

36 ~~E.~~ F. The school, school district or county school superintendent  
37 shall immediately report to the local law enforcement agency any affidavit  
38 received pursuant to this section which appears inaccurate or suspicious in  
39 form or content.

40 ~~F.~~ G. Within five school days after enrolling a transfer pupil from a  
41 private school or another school district, a school shall request directly  
42 from the pupil's previous school a certified copy of the pupil's record. The  
43 requesting school shall exercise due diligence in obtaining the copy of the  
44 record requested. Notwithstanding any financial debt owed by the pupil, any  
45 school requested to forward a copy of a transferring pupil's record to the  
46 new school shall comply and forward the record within ten school days after

1 receipt of the request unless the record has been flagged pursuant to section  
2 15-829. If the record has been flagged, the requested school shall not  
3 forward the copy and shall notify the local law enforcement agency of the  
4 request. School districts shall include in the educational records required  
5 by this subsection data collected pursuant to sections 15-741 and 15-766, as  
6 prescribed by the state board of education.

7 ~~G.~~ H. Any disclosure of educational records by the school district or  
8 charter school shall comply with the family educational rights and privacy  
9 act of 1974 (20 United States Code section 1232g).

10 ~~H.~~ I. The provisions of this section do not apply to homeless pupils  
11 as defined in section 15-824, subsection C.

12 Sec. 12. Section 15-901, Arizona Revised Statutes, is amended to read:

13 15-901. Definitions

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

15 1. "Average daily membership" means the total enrollment of fractional  
16 students and full-time students, minus withdrawals, of each school day  
17 through the first one hundred days or two hundred days in session, as  
18 applicable, for the current year. Withdrawals include students formally  
19 withdrawn from schools and students absent for ten consecutive school days,  
20 except for excused absences identified by the department of education. For  
21 the purposes of this section, school districts and charter schools shall  
22 report student absence data to the department of education at least once  
23 every sixty days in session. For computation purposes, the effective date of  
24 withdrawal shall be retroactive to the last day of actual attendance of the  
25 student or excused absence.

26 (a) "Fractional student" means:

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

45 (ii) For high schools, a part-time student who is enrolled in less  
46 than four subjects that count toward graduation as defined by the state board

1 of education, each of which, if taught each school day for the minimum number  
2 of days required in a school year, would meet a minimum of one hundred  
3 twenty-three hours a year, or the equivalent, in a recognized high school.  
4 The average daily membership of a part-time high school student shall be 0.75  
5 if the student is enrolled in an instructional program of three subjects that  
6 meet at least five hundred forty hours for a one hundred eighty day school  
7 year, or the instructional hours prescribed in this section. The average  
8 daily membership of a part-time high school student shall be 0.5 if the  
9 student is enrolled in an instructional program of two subjects that meet at  
10 least three hundred sixty hours for a one hundred eighty day school year, or  
11 the instructional hours prescribed in this section. The average daily  
12 membership of a part-time high school student shall be 0.25 if the student is  
13 enrolled in an instructional program of one subject that meets at least one  
14 hundred eighty hours for a one hundred eighty day school year, or the  
15 instructional hours prescribed in this section.

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

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

38 (ii) For high schools, except as provided in section 15-105, a student  
39 not graduated from the highest grade taught in the school district, or an  
40 ungraded student at least fourteen years of age by September 1, and enrolled  
41 in at least an instructional program of four or more subjects that count  
42 toward graduation as defined by the state board of education, each of which,  
43 if taught each school day for the minimum number of days required in a school  
44 year, would meet a minimum of one hundred twenty-three hours a year, or the  
45 equivalent, that meets for a total of at least seven hundred twenty hours for  
46 a one hundred eighty day school year, or the instructional hours prescribed

1 in this section in a recognized high school. A full-time student shall not  
2 be counted more than once for computation of average daily membership. The  
3 average daily membership of a full-time high school student shall be 1.0 if  
4 the student is enrolled in at least four subjects that meet at least seven  
5 hundred twenty hours for a one hundred eighty day school year, or the  
6 equivalent instructional hours prescribed in this section.

7 (iii) IF A CHILD WHO HAS NOT REACHED FIVE YEARS OF AGE BEFORE  
8 SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO KINDERGARTEN AND  
9 REPEATS KINDERGARTEN IN THE FOLLOWING SCHOOL YEAR, A SCHOOL DISTRICT OR  
10 CHARTER SCHOOL IS NOT ELIGIBLE TO RECEIVE BASIC STATE AID ON BEHALF OF THAT  
11 CHILD DURING THE CHILD'S SECOND YEAR OF KINDERGARTEN. IF A CHILD WHO HAS NOT  
12 REACHED FIVE YEARS OF AGE BEFORE SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS  
13 ADMITTED TO KINDERGARTEN BUT DOES NOT REMAIN ENROLLED, A SCHOOL DISTRICT OR  
14 CHARTER SCHOOL MAY RECEIVE A PORTION OF BASIC STATE AID ON BEHALF OF THAT  
15 CHILD IN THE SUBSEQUENT YEAR. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY CHARGE  
16 TUITION FOR ANY CHILD WHO IS INELIGIBLE FOR BASIC STATE AID PURSUANT TO THIS  
17 ITEM.

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

21 ~~(iv)~~ (v) 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)~~ (vi) 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)~~ (vii) For homebound or hospitalized, a student receiving at  
37 least four 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~~ FIFTY-SIX hours but is less than ~~six~~  
8 ~~hundred ninety-two~~ SEVEN HUNDRED TWELVE hours, such attendance shall be  
9 counted as one-half day of attendance. If the instructional time scheduled  
10 for the year is at least six hundred ninety-two hours, "daily attendance"  
11 means days in which a pupil attends at least one-half of the instructional  
12 time scheduled for the day. Such attendance shall be counted as one-half day  
13 of attendance.

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

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

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

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

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

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

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

45           (d) For high schools or ungraded schools in which the pupil is at  
46 least fourteen years of age by September 1, the attendance of a pupil shall

1 not be counted as a full day unless the pupil is actually and physically in  
2 attendance and enrolled in and carrying four subjects, each of which, if  
3 taught each school day for the minimum number of days required in a school  
4 year, would meet a minimum of one hundred ~~twenty~~ TWENTY-THREE hours a year,  
5 or the equivalent, that count toward graduation in a recognized high school  
6 except as provided in section 15-797 and subdivision (e) of this paragraph.  
7 Attendance of a pupil carrying less than the load prescribed shall be  
8 prorated.

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

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

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

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

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

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

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

40 8. "Eligible students" means:

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

45 (i) For common school students, whose place of actual residence within  
46 the school district is more than one mile from the school facility of

1 attendance or students who are admitted pursuant to section 15-816.01 and who  
2 meet the economic eligibility requirements established under the national  
3 school lunch and child nutrition acts (42 United States Code sections 1751  
4 through 1785) for free or reduced price lunches and whose actual place of  
5 residence outside the school district boundaries is more than one mile from  
6 the school facility of attendance.

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

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

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

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

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

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

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

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

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

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

45 15. "Total bus mileage" means the total number of miles driven by all  
46 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~~ 15-902.04,  
14 15-918.04, 15-919.04 and 15-952, except that if a school district or charter  
15 school is eligible for an increase in the base level as provided in two or  
16 more of these sections, the base level amount shall be calculated by  
17 compounding rather than adding the sum of one plus the percentage of the  
18 increase from 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, 2011-2012 and 2012-2013,  
24 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).

44          8. "ED-P" means programs for children with emotional disabilities who  
45 are enrolled in private special education programs as prescribed in section

1 15-765, subsection D, paragraph 1 or in an intensive school district program  
2 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

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

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

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

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

1           16. "K-3 Reading" means reading programs for pupils in kindergarten  
2 programs and grades one, two and three.

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

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

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

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

11           21. "OI-R" means a resource program for pupils with orthopedic  
12 impairments.

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

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

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

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

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

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

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

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

33           27. "Small school district" means a school district that meets all of  
34 the following:

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

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

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

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

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

46           30. "VI" means programs for pupils with visual impairments.

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

3           Sec. 13. Section 15-905, Arizona Revised Statutes, is amended to read:

4           15-905. School district budgets; notice; adoption; aggregate  
5                 budget limit; summary; adjustments; impact aid fund;  
6                 definition

7           A. Not later than July 5 of each year or no later than the publication  
8 of notice of the public hearing and board meeting as required by this  
9 section, the governing board of each school district shall prepare and  
10 furnish to the superintendent of public instruction and the county school  
11 superintendent, unless waived by the county school superintendent, a proposed  
12 budget in electronic format for the budget year, which shall contain the  
13 information and be in the form as provided by the department of education.  
14 The proposed budget shall include the following:

15           1. The total amount of revenues from all sources that was necessary to  
16 meet the school district's budget for the current year.

17           2. The total amount of revenues by source that will be necessary to  
18 meet the proposed budget of the school district, excluding property taxes.  
19 The governing board shall prepare the proposed budget and a summary of the  
20 proposed budget. Both documents shall be kept on file at the school district  
21 office and shall be made available to the public ~~upon~~ ON request. Not later  
22 than July 5 of each year or not later than the publication of notice of the  
23 public hearing and board meeting required by this subsection, the governing  
24 board shall submit the proposed budget to the department of education, which  
25 shall prominently display this information about that school district on the  
26 website maintained by the department. If the school district maintains a  
27 website, the school district shall post a link to the website of the  
28 department of education where this information about the school district is  
29 posted. The auditor general in conjunction with the department of education  
30 shall prescribe the form of the summary of the proposed budget for use by  
31 governing boards. School district governing boards may include in the  
32 proposed budget any items or amounts ~~which~~ THAT are authorized by legislation  
33 filed with the secretary of state and ~~which~~ THAT will become effective during  
34 the budget year. If subsequent events prevent the legislation from becoming  
35 effective, school district governing boards must reduce their budgets by the  
36 amounts budgeted pursuant to the legislation ~~which~~ THAT did not become  
37 effective.

38           B. The governing board of each school district shall prepare a notice  
39 fixing a time not later than July 15 and designating a public place within  
40 each school district at which a public hearing and board meeting shall be  
41 held. The governing board shall present the proposed budget for  
42 consideration of the residents and the taxpayers of the school district at  
43 ~~such~~ THAT hearing and meeting.

44           C. The governing board of each school district shall publish or mail,  
45 ~~prior to~~ BEFORE the hearing and meeting, a copy of the proposed budget or the  
46 summary of the proposed budget and, ~~in addition,~~ a notice of the public

1 hearing and board meeting no later than ten days ~~prior to~~ BEFORE the meeting.  
2 The proposed budget and the summary of the proposed budget shall contain the  
3 percentage of increase or decrease in each budget category of the proposed  
4 budget as compared to each category of the budget for the current year.  
5 Notification shall be either by publication in a newspaper of general  
6 circulation within the school district in which the size of the newspaper  
7 print shall be at least eight-point type, by electronic transmission of the  
8 information to the department of education for posting on the department's  
9 website or by mailing the information to each household in the school  
10 district. The cost of publication, website posting or mailing shall be a  
11 charge against the school district. The publisher's affidavit of publication  
12 shall be filed by the governing board with the superintendent of public  
13 instruction within thirty days after publication. If the budget or proposed  
14 budget and notice are posted on a website maintained by the department of  
15 education or mailed, the board shall file an affidavit with the  
16 superintendent of public instruction within thirty days after the mailing or  
17 the date that the information is posted on the website. If a truth in  
18 taxation notice and hearing is required under section 15-905.01, the  
19 governing board may combine the notice and hearing under this section with  
20 the truth in taxation notice and hearing.

21 D. At the time and place fixed in the notice, the governing board  
22 shall hold the public hearing and present the proposed budget to the persons  
23 attending the hearing. ~~Upon~~ ON request of any person, the governing board  
24 shall explain the budget, and any resident or taxpayer of the school district  
25 may protest the inclusion of any item. A governing board member who has a  
26 substantial interest, as defined in section 38-502, in a specific item in the  
27 school district budget shall refrain from voting on the specific item. A  
28 governing board member may participate without creating a conflict of  
29 interest in adoption of a final budget even though the member may have  
30 substantial interest in specific items included in the budget.

31 E. Immediately following the public hearing the president shall call  
32 to order the governing board meeting for the purpose of adopting the budget.  
33 The governing board shall adopt the budget, which shall not exceed the  
34 general budget limit, the unrestricted capital budget limit or the soft  
35 capital allocation limit, making such deductions as it sees fit but making no  
36 additions to the proposed budget total for maintenance and operations or  
37 capital outlay, and shall enter the budget as adopted in its minutes. Not  
38 later than July 18, the budget as finally adopted shall be filed by the  
39 governing board with the county school superintendent who shall immediately  
40 transmit a copy to the board of supervisors. Not later than July 18, the  
41 budget as finally adopted shall be submitted electronically to the  
42 superintendent of public instruction. Not later than July 18, the governing  
43 board shall submit the budget as finally adopted to the department of  
44 education, which shall prominently display this information about that school  
45 district on the website maintained by the department. If the school district  
46 maintains a website, the school district shall post a link to the website of

1 the department of education where this information about the school district  
2 is posted. On or before October 30, the superintendent of public instruction  
3 shall review the budget and notify the governing board if the budget is in  
4 excess of the general budget limit, the unrestricted capital budget limit or  
5 the soft capital allocation limit. The governing board shall revise the  
6 budget as follows:

7 1. If the governing board receives notification that the budget  
8 exceeds the general budget limit, the unrestricted capital budget limit or  
9 the soft capital allocation limit by one per cent of the general budget limit  
10 or one hundred thousand dollars, whichever is less, it shall adopt on or  
11 before December 15, after it gives notice and holds a public meeting in a  
12 similar manner as provided in subsections C and D of this section, a revised  
13 budget for the current year, which shall not exceed the general budget limit,  
14 the unrestricted capital budget limit or the soft capital allocation limit.

15 2. If the governing board receives notification that the budget  
16 exceeds the general budget limit, the unrestricted capital budget limit or  
17 the soft capital allocation limit by less than the amount prescribed in  
18 paragraph 1 of this subsection, the governing board shall adjust the budget  
19 and expenditures so as not to exceed the general budget limit, the  
20 unrestricted capital budget limit or the soft capital allocation limit for  
21 the current year.

22 3. On or before December 18, the governing board shall file the  
23 revised budget it adopts with the county school superintendent who shall  
24 immediately transmit a copy to the board of supervisors. Not later than  
25 December 18, the budget as revised shall be submitted electronically to the  
26 superintendent of public instruction. School districts that are subject to  
27 section 15-914.01 are not required to send a copy of revised budgets to the  
28 county school superintendent. Procedures for adjusting expenditures or  
29 revising the budget shall be as prescribed in the uniform system of financial  
30 records.

31 F. The governing board of each school district may budget for  
32 expenditures within the school district budget as follows:

33 1. Amounts within the general budget limit, as provided in section  
34 15-947, subsection C, may only be budgeted in the following sections of the  
35 budget:

36 (a) The maintenance and operation section.

37 (b) The capital outlay section.

38 2. Amounts within the unrestricted capital budget limit, as provided  
39 in section 15-947, subsection D, may only be budgeted in the unrestricted  
40 capital outlay subsection of the budget. Monies received pursuant to the  
41 unrestricted capital budget limit shall be placed in the unrestricted capital  
42 outlay fund. The monies in the fund are not subject to reversion.

43 3. The soft capital allocation limit, as provided in section 15-947,  
44 subsection E, may only be budgeted in the soft capital allocation subsection  
45 of the budget.

1 G. The governing board may authorize the expenditure of monies  
2 budgeted within the maintenance and operation section of the budget for any  
3 subsection within the section in excess of amounts specified in the adopted  
4 budget only by action taken at a public meeting of the governing board and if  
5 the expenditures for all subsections of the section do not exceed the amount  
6 budgeted as provided in this section.

7 H. The aggregate budget limit is the sum of the following:

8 1. The general budget limit as determined in section 15-947 for the  
9 budget year.

10 2. The unrestricted capital budget limit as determined in section  
11 15-947 for the budget year.

12 3. The soft capital allocation limit for the budget year as determined  
13 in section 15-947.

14 4. Federal assistance, excluding title VIII of the elementary and  
15 secondary education act of 1965 monies.

16 I. School districts ~~which~~ THAT overestimated tuition revenues as  
17 provided in section 15-947, subsection C, paragraph 2 shall adjust the  
18 general budget limit and expenditures based ~~upon~~ ON tuition revenues for  
19 attendance of nonresident pupils during the current fiscal year. School  
20 districts ~~which~~ THAT underestimated tuition revenues may adjust their budgets  
21 ~~prior to~~ BEFORE May 15 based ~~upon~~ ON tuition revenues for attendance of  
22 nonresident pupils during the current fiscal year. School districts ~~which~~  
23 THAT overestimated revenues as provided in section 15-947, subsection C,  
24 paragraph 2, subdivision (a), items (iii), (iv) and (v) and subdivision ~~(d)~~  
25 (c) shall adjust the general budget limit and expenditures based on actual  
26 revenues during the current fiscal year. School districts ~~which~~ THAT  
27 underestimated such revenues may adjust their budgets before May 15 based on  
28 actual revenues during the current fiscal year. Procedures for completing  
29 adjustments shall be as prescribed in the uniform system of financial  
30 records. Not later than May 18, the budget as adjusted shall be submitted  
31 electronically to the superintendent of public instruction.

32 J. A common school district not within a high school district whose  
33 estimated tuition charge for high school pupils exceeds the actual tuition  
34 charge for high school pupils shall adjust the general budget limit and  
35 expenditures based on the actual tuition charge. Not later than May 18, the  
36 budget as adjusted shall be submitted electronically to the superintendent of  
37 public instruction. A common school district not within a high school  
38 district whose estimated tuition charge for high school pupils is less than  
39 the actual tuition charge for high school pupils may adjust its budget before  
40 May 15 based on the actual tuition charge. Procedures for completing  
41 adjustments shall be as prescribed in the uniform system of financial  
42 records. If the adjusted general budget limit requires an adjustment of  
43 state aid and if the adjustment to state aid is not made in the current year,  
44 the superintendent of public instruction shall adjust by August 15 of the  
45 succeeding fiscal year the apportionment of state aid to the school district

1 to correct any overpayment or underpayment of state aid received during the  
2 current year.

3 K. The governing board may include title VIII of the elementary and  
4 secondary education act of 1965 assistance allocated for children with  
5 disabilities, children with specific learning disabilities, children residing  
6 on Indian lands and children residing within the boundaries of an  
7 accommodation school that is located on a military reservation and that is  
8 classified as a heavily impacted local educational agency pursuant to 20  
9 United States Code section 7703, which is in addition to basic assistance  
10 when determining the general budget limit as prescribed in section 15-947,  
11 subsection C. The increase in the general budget limit for children residing  
12 within the boundaries of an accommodation school that is located on a  
13 military reservation and that is classified as a heavily impacted local  
14 education agency shall equal the dollar amount calculated pursuant to 20  
15 United States Code section 7703(b)(2). The governing board may adjust before  
16 May 15 the budget for the current year based on any adjustments ~~which~~ THAT  
17 result in increases over the amount estimated by the superintendent of public  
18 instruction for title VIII of the elementary and secondary education act of  
19 1965 assistance for such pupils for the fiscal year preceding the current  
20 year. The governing board shall adjust before May 15 the budget for the  
21 current year based on any adjustments ~~which~~ THAT result in decreases in the  
22 amount estimated by the superintendent of public instruction for title VIII  
23 of the elementary and secondary education act of 1965 assistance for such  
24 pupils for the fiscal year preceding the current year. Not later than May  
25 18, the budget as adjusted shall be submitted electronically to the  
26 superintendent of public instruction. Procedures for complying with this  
27 subsection shall be as prescribed in the uniform system of financial records.

28 L. The department of education shall notify the state board of  
29 education if expenditures by any school district exceed the general budget  
30 limit prescribed in section 15-947, subsection C, the unrestricted capital  
31 budget limit, the soft capital allocation limit prescribed in section 15-947,  
32 subsection E, the school plant fund limits prescribed in section 15-1102,  
33 subsection B, the maintenance and operation section of the budget or the  
34 capital outlay section of the budget. If the expenditures of any school  
35 district exceed these limits or sections of the budget without authorization  
36 as provided in section 15-907, and if the state board of education determines  
37 that the equalization assistance for education received by the school  
38 district as provided in section 15-971 does not conform with statutory  
39 requirements, the state board of education shall reduce the state aid for  
40 equalization assistance for education for the school district computed as  
41 provided in section 15-971 during the fiscal year subsequent to the fiscal  
42 year in which the excess equalization assistance for education was received  
43 by an amount equal to the excess equalization assistance for education,  
44 except that in case of hardship to the school district, the superintendent of  
45 public instruction may approve reductions partly in the first subsequent year  
46 and partly in the second subsequent year. If the state board of education

1 determines that the equalization assistance for education received by the  
2 school district conforms with statutory requirements, the state board of  
3 education shall not reduce the district's equalization assistance for  
4 education pursuant to this subsection but the district shall reduce the  
5 budget limits as required in subsection M of this section. A school district  
6 that disagrees with the department of education's determination regarding an  
7 excess expenditure under this subsection may request a hearing before the  
8 state board of education.

9 M. The governing board of a school district shall reduce the general  
10 budget limit, the unrestricted capital budget limit or the soft capital  
11 allocation limit for the year subsequent to the year in which the  
12 expenditures were in excess of the applicable limit or section of the budget  
13 by the amount determined in subsection L of this section, except that in case  
14 of hardship to the school district, the superintendent of public instruction  
15 may approve reductions partly in the first subsequent year and partly in the  
16 second subsequent year. The reduction in the limit is applicable to each  
17 school district ~~which~~ THAT has exceeded the general budget limit, the  
18 unrestricted capital budget limit, the soft capital allocation limit or a  
19 section of the budget even if the reduction exceeds the state aid for  
20 equalization assistance for education for the school district.

21 N. Except as provided in section 15-916, no expenditure shall be made  
22 by any school district for a purpose not included in the budget or in excess  
23 of the aggregate budget limit prescribed in this section, except that if no  
24 budget has been adopted, from July 1 to July 15 the governing board may make  
25 expenditures if the total of the expenditures does not exceed ten per cent of  
26 the prior year's aggregate budget limit. Any expenditures made from July 1  
27 to July 15 and ~~prior to~~ BEFORE the adoption of the budget shall be included  
28 in the total expenditures for the current year. No expenditure shall be made  
29 and no debt, obligation or liability shall be incurred or created in any year  
30 for any purpose itemized in the budget in excess of the amount specified for  
31 the item irrespective of whether the school district at any time has received  
32 or has on hand funds in excess of those required to meet the expenditures,  
33 debts, obligations and liabilities provided for under the budget except  
34 expenditures from cash controlled funds as defined by the uniform system of  
35 financial records and except as provided in section 15-907 and subsection G  
36 of this section. This subsection does not prohibit any school district from  
37 prepaying insurance premiums ~~or~~, magazine subscriptions OR OFFICIATING  
38 SERVICES, or from prepaying any item ~~which~~ THAT is normally prepaid in order  
39 to procure the service or to receive a discounted price for the service, as  
40 prescribed by the uniform system of financial records.

41 O. The governing board of a school district ~~which~~ THAT is classified  
42 as a heavily impacted school district having twenty per cent or more pupils  
43 pursuant to 20 United States Code section 238(d)1(A) may determine its  
44 eligibility to increase the amount that may be included in determining the  
45 general budget limit as provided in subsection K of this section and may  
46 increase the amount as follows:

1           1. For fiscal year 1988-1989:

2           (a) Multiply one thousand ninety-four dollars by the number of  
3 children with disabilities or children with specific learning disabilities,  
4 excluding children who also reside on Indian lands, reported to the division  
5 of impact aid, United States department of education in the district's  
6 application for fiscal year 1987-1988.

7           (b) Multiply five hundred forty-seven dollars by the number of  
8 children residing on Indian lands, excluding children who have disabilities  
9 or also have specific learning disabilities, reported to the division of  
10 impact aid, United States department of education in the district's  
11 application for fiscal year 1987-1988.

12           (c) Multiply one thousand nine hundred fourteen dollars by the number  
13 of children residing on Indian lands who have disabilities or also have  
14 specific learning disabilities reported to the division of impact aid, United  
15 States department of education in the district's application for fiscal year  
16 1987-1988.

17           (d) Add the amounts determined in subdivisions (a) through (c) **OF THIS**  
18 **PARAGRAPH.**

19           (e) If the amount of title VIII of the elementary and secondary  
20 education act of 1965 assistance as provided in subsection K of this section  
21 is less than the sum determined in subdivision (d) of this paragraph, the  
22 district is eligible to use the provisions of this subsection.

23           2. For budget years after 1988-1989, use the provisions of paragraph 1  
24 of this subsection, but increase each dollar amount by the growth rate for  
25 that year as prescribed by law, subject to appropriation and use the number  
26 of children reported in the appropriate category for the current fiscal year.

27           3. If the district is eligible to use the provisions of this  
28 subsection, subtract the amount of title VIII of the elementary and secondary  
29 education act of 1965 assistance determined in subsection K of this section  
30 from the sum determined in paragraph 1, subdivision (d) of this subsection.  
31 The difference is the increase in the amount that may be included in  
32 determining the general budget limit as provided in subsection K of this  
33 section, if including this amount does not increase the district's primary  
34 tax rate for the budget year. If the amount of title VIII of the elementary  
35 and secondary education act of 1965 assistance determined in subsection K of  
36 this section is adjusted for the current year, the increase determined in  
37 this paragraph shall be recomputed using the adjusted amount and the  
38 recomputed increase shall be reported to the department of education by May  
39 15 on a form prescribed by the department of education.

40           4. If a district uses the provisions of this subsection, the district  
41 is not required to adjust its budget for the current year based on  
42 adjustments in the estimated amount of title VIII of the elementary and  
43 secondary education act of 1965 assistance as provided in subsection K of  
44 this section.

45           P. A school district, except for an accommodation school, **which THAT**  
46 applies for title VIII of the elementary and secondary education act of 1965

1 assistance during the current year may budget an amount for title VIII of the  
2 elementary and secondary education act of 1965 administrative costs for the  
3 budget year. The amount budgeted for title VIII of the elementary and  
4 secondary education act of 1965 administrative costs is exempt from the  
5 revenue control limit and may not exceed an amount determined for the  
6 budgeted year as follows:

7 1. Determine the minimum cost. The minimum cost for fiscal year  
8 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
9 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
10 year increased by the growth rate as prescribed by law, subject to  
11 appropriation.

12 2. Determine the hourly rate. The hourly rate for fiscal year  
13 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
14 thereafter, the hourly rate is the hourly rate for the prior year increased  
15 by the growth rate as prescribed by law, subject to appropriation.

16 3. Determine the title VIII of the elementary and secondary education  
17 act of 1965 revenues available by subtracting the amount of title VIII of the  
18 elementary and secondary education act of 1965 assistance used to increase  
19 the general budget limit as provided in subsections K and O of this section  
20 for the current fiscal year from the total amount of title VIII of the  
21 elementary and secondary education act of 1965 revenues received in the  
22 current fiscal year.

23 4. Determine the total number of administrative hours as follows:

24 (a) Determine the sum of the following:

25 (i) 1.00 hours for each high impact pupil who is not disabled or does  
26 not have specific learning disabilities.

27 (ii) 1.25 hours for each high impact pupil who is disabled or has  
28 specific learning disabilities.

29 (iii) 0.25 hours for each low impact pupil who is not disabled or does  
30 not have specific learning disabilities.

31 (iv) 0.31 hours for each low impact pupil who is disabled or has  
32 specific learning disabilities.

33 (b) For the purposes of this paragraph:

34 (i) "High impact pupil" means a pupil who resides on Indian lands or a  
35 pupil who resides on federal property or in low rent housing and whose parent  
36 is employed on federal property or low rent housing property or is on active  
37 duty in uniformed service, as provided in title VIII of the elementary and  
38 secondary education act of 1965, section 8003(a) (20 United States Code  
39 section 7703) and as reported in the application for title VIII of the  
40 elementary and secondary education act of 1965 assistance in the current  
41 year.

42 (ii) "Low impact pupil" means a pupil who resides on nonfederal  
43 property and has a parent who is employed on federal property or low rent  
44 housing property or is on active duty in a uniformed service or a pupil who  
45 resides on federal property or in low rent housing and who does not have a  
46 parent who is employed on federal property or low rent housing property or is

1 on active duty in uniformed service, as provided in title VIII of the  
2 elementary and secondary education act of 1965, section 8003(a) (20 United  
3 States Code section 7703) and as reported in the application for title VIII  
4 of the elementary and secondary education act of 1965 assistance in the  
5 current year.

6 5. Multiply the total number of administrative hours determined in  
7 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
8 of this subsection.

9 6. Determine the greater of the minimum cost determined in paragraph 1  
10 of this subsection or the product determined in paragraph 5 of this  
11 subsection.

12 7. Add to the amount determined in paragraph 6 of this subsection the  
13 amount, if any, to be expended by the school district in the budget year  
14 through an intergovernmental agreement with other school districts or the  
15 department of education to provide title VIII of the elementary and secondary  
16 education act of 1965 technical assistance to participating districts.

17 8. Determine the lesser of the amount determined in paragraph 7 of  
18 this subsection or the revenues available as determined in paragraph 3 of  
19 this subsection.

20 9. The amount determined in paragraph 8 of this subsection is the  
21 maximum amount ~~which~~ THAT may be budgeted for title VIII of the elementary  
22 and secondary education act of 1965 administrative costs for the budget year  
23 as provided in this subsection.

24 10. If the governing board underestimated the amount that may be  
25 budgeted for title VIII of the elementary and secondary education act of  
26 1965, section 8007 administrative costs for the current year, the board may  
27 adjust the general budget limit and the budget before May 15. If the  
28 governing board overestimated the amount that may be budgeted for title VIII  
29 of the elementary and secondary education act of 1965 administrative costs  
30 for the current year, the board shall adjust the general budget limit and the  
31 budget before May 15.

32 Q. If a school district governing board has adopted a budget for a  
33 fiscal year based on forms and instructions provided by the auditor general  
34 and the department of education for that fiscal year and if, as a result of  
35 the enactment or nonenactment of proposed legislation after May 1 of the  
36 previous fiscal year, the budget is based on incorrect limits, does not  
37 include items authorized by law or does not otherwise conform with law, the  
38 governing board may revise its budget at a public hearing on or before  
39 September 15 to conform with the law. Not later than September 18, the  
40 budget as adjusted shall be submitted electronically to the superintendent of  
41 public instruction. If the governing board does not revise the budget on or  
42 before September 15 and if the budget includes any items not authorized by  
43 law or if the budget exceeds any limits, the governing board shall adjust or  
44 revise the budget as provided in subsection E of this section.

45 R. Notwithstanding any other law, if a school district receives  
46 assistance pursuant to title VIII of the elementary and secondary education

1 act of 1965, the school district shall establish a local level fund  
2 designated as the impact aid fund and deposit the impact aid monies received  
3 in the fund. The school district shall separately account for monies in the  
4 fund and shall not combine monies in the fund with any other source of local,  
5 state or federal assistance. Monies in the fund shall be expended pursuant  
6 to federal law only for the purposes allowed by this title. The school  
7 district shall account for monies in the fund according to the uniform system  
8 of financial records as prescribed by the auditor general. The  
9 superintendent of public instruction shall separately account for monies in  
10 each school district's impact aid fund, if an impact aid fund is established,  
11 in the annual report required by section 15-255. Monies in the fund are  
12 considered federal monies and are not subject to legislative appropriation.

13 S. For the purposes of this section, "title VIII of the elementary and  
14 secondary education act of 1965 assistance" means, for the current year, an  
15 amount equal to the final determination of title VIII of the elementary and  
16 secondary education act of 1965 assistance for the fiscal year preceding the  
17 current year as confirmed by the division of impact aid, United States  
18 department of education or, if a final determination has not been made, the  
19 amount estimated by the superintendent of public instruction as confirmed by  
20 the division of impact aid, United States department of education and, for  
21 the budget year, an amount equal to the determination of title VIII of the  
22 elementary and secondary education act of 1965 assistance for the fiscal year  
23 preceding the budget year as estimated by the superintendent of public  
24 instruction.

25 Sec. 14. Section 15-905.01, Arizona Revised Statutes, is amended to  
26 read:

27 15-905.01. Truth in taxation; calculation; notice and hearing;  
28 vote on tax increase

29 A. Each school district shall determine its truth in taxation base  
30 limit for expenditures as follows:

31 1. Determine the amounts budgeted in fiscal year 1999-2000 for  
32 expenditures in the following categories:

33 (a) Desegregation pursuant to section 15-910.

34 (b) Dropout prevention programs.

35 ~~(c) Excess utilities pursuant to section 15-910.~~

36 ~~(d)~~ (c) Career and technical education and vocational education  
37 center operations pursuant to section 15-910.01.

38 ~~(e)~~ (d) Small school adjustments pursuant to section 15-949.

39 2. The sum of the expenditures in paragraph 1 of this subsection for  
40 fiscal year 1999-2000 shall become the truth in taxation base limit.

41 3. For any year after fiscal year 1999-2000, a school district whose  
42 aggregate budgeted expenditures for the expenditures prescribed in paragraph  
43 1 of this subsection exceed the truth in taxation base limit shall publish a  
44 truth in taxation hearing notice that meets the requirements of subsection B  
45 of this section. If the amount exceeding the previous truth in taxation base  
46 limit is approved by the school district governing board following the

1 hearing prescribed in subsection B of this section, the excess amount plus  
2 the previous truth in taxation base limit becomes the school district's new  
3 truth in taxation base limit.

4 4. If a school district no longer qualifies for one or more of the  
5 expenditures prescribed in paragraph 1 of this subsection, the amount  
6 budgeted for the most recent fiscal year in which the school district was  
7 eligible for that expenditure shall be deducted from the school district's  
8 truth in taxation base limit.

9 B. For any fiscal year in which a school district governing board  
10 budgets an amount that is higher than the truth in taxation base limit  
11 calculated pursuant to subsection A of this section, any fiscal year in which  
12 a school district levies any amount for adjacent ways pursuant to section  
13 15-995 or any fiscal year in which the school district levies any amount for  
14 liabilities in excess of the school district budget pursuant to section  
15 15-907:

16 1. The school district shall publish a notice that meets the following  
17 requirements:

18 (a) The notice shall be published once in a newspaper of general  
19 circulation in the school district. The publication shall be at least ten  
20 but not more than twenty days before the date of the hearing.

21 (b) The notice shall be published in a location other than the  
22 classified or legal advertising section of the newspaper in which it is  
23 published.

24 (c) The notice shall be at least one-fourth page in size and shall be  
25 surrounded by a solid black border at least one-eighth inch in width.

26 (d) The notice shall be in the following form, excluding the  
27 parenthetical explanations, and with the "truth in taxation hearing - notice  
28 of tax increase" headline in at least eighteen-point type:

29 Truth in Taxation Hearing  
30 Notice of Tax Increase

31 In compliance with section 15-905.01, Arizona Revised  
32 Statutes, \_\_\_\_\_ school district is notifying its property  
33 taxpayers of \_\_\_\_\_ school district's intention to raise its  
34 primary property taxes over the current level to pay for  
35 increased expenditures in those areas where the governing board  
36 has the authority to increase property taxes for the fiscal year  
37 beginning July 1, \_\_\_\_\_. The \_\_\_\_\_ school district is  
38 proposing an increase in its primary property tax levy of  
39 \$\_\_\_\_\_ (amount of levy increase to pay for truth in taxation  
40 base increase, the amount of the total levy for the adjacent  
41 ways fund and amounts for liabilities in excess of the school  
42 district budget pursuant to section 15-907).

43 The amount proposed above will cause \_\_\_\_\_ school  
44 district's primary property taxes on a \$100,000 home to increase  
45 from \$\_\_\_\_\_ (the amount used to pay for the current year's  
46 truth in taxation base limit [the amount divided by the current

1 net assessed value available February 10 pursuant to section  
2 42-17052] applied to \$100,000) to \$\_\_\_\_\_ (the amount used  
3 to pay for the budget year's proposed truth in taxation base  
4 limit and adjacent ways levy, including adjacent ways and  
5 liabilities in excess of the school district budget [the amount  
6 divided by the current net assessed value available February 10  
7 pursuant to section 42-17052] applied to \$100,000).

8 These amounts proposed are above the qualifying tax levies  
9 as prescribed by state law, if applicable. The increase is also  
10 exclusive of any changes that may occur from property tax levies  
11 for voter approved bonded indebtedness or budget and tax  
12 overrides.

13 All interested citizens are invited to attend the public  
14 hearing on the proposed tax increase scheduled to be held  
15 \_\_\_\_\_ (date and time) at \_\_\_\_\_ (location).

16 2. In lieu of publishing the truth in taxation notice, the governing  
17 board may mail the truth in taxation notice prescribed by paragraph 1,  
18 subdivision (d) of this subsection to all registered voters in the district  
19 at least ten but not more than twenty days before the date of the hearing.

20 3. In addition to publishing the truth in taxation notice under  
21 paragraph 1 of this subsection or mailing the notice under paragraph 2 of  
22 this subsection, the governing board shall issue a press release containing  
23 the truth in taxation notice to all newspapers of general circulation in the  
24 school district.

25 4. The governing board shall consider a motion to levy the increased  
26 property taxes by roll call vote.

27 5. Within three days after the hearing, the governing board shall mail  
28 a copy of the truth in taxation notice, a statement of its publication or  
29 mailing and the result of the governing board's vote under paragraph 4 of  
30 this subsection to the property tax oversight commission established by  
31 section 42-17002.

32 6. The governing board shall hold the truth in taxation hearing on or  
33 before the adoption of the school district budget under section 15-905.

34 7. Expenditures for adjacent ways and liabilities in excess of the  
35 school district budget do not become part of the school district's truth in  
36 taxation base limit.

37 C. The department of education shall maintain a listing of each school  
38 district's truth in taxation base limit and shall verify the accuracy of the  
39 school district's computations. A school district governing board shall  
40 notify the department of education of any change in the district's truth in  
41 taxation base limit.

42 D. The department of education shall develop a budget form for school  
43 districts to show the primary tax rate associated for each of the expenditure  
44 categories mentioned in subsection A, paragraph 1 of this section and for  
45 expenditures for adjacent ways pursuant to section 15-995 or any other  
46 expenditure in excess of the school district budget pursuant to section

1 15-907. A school district shall make this information available to the  
2 general public at truth in taxation hearings and shall submit the information  
3 to the department of education.

4 Sec. 15. Section 15-922, Arizona Revised Statutes, is amended to read:

5 15-922. Duties of the school district; definition

6 A. Each school district shall within twelve days after the first one  
7 hundred days or two hundred days in session, as applicable, certify to the  
8 superintendent of public instruction, in an electronic format as prescribed  
9 by the department of education, the following:

10 1. The daily route mileage of the school district in the current year.  
11 The route mileage shall not include more than twenty miles each way to and  
12 from the school of attendance or to and from a pickup point on a regular  
13 transportation route to transport eligible students who reside in nonadjacent  
14 school districts.

15 2. The route mileage of the school district in the current year  
16 transporting eligible students for ~~an~~ extended school year services in  
17 accordance with section 15-881.

18 3. The number of eligible students transported during the current  
19 year.

20 ~~B. Each school district shall on or before July 15 of the current year~~  
21 ~~certify to the superintendent of public instruction the following:~~

22 ~~1. For each bus operated by the school district, the following:~~

23 ~~(a) The odometer reading as of the end of the current year.~~

24 ~~(b) An inventory of each school bus owned by the school district~~  
25 ~~including:~~

26 ~~(i) Manufacturer of the bus.~~

27 ~~(ii) Date of purchase.~~

28 ~~(iii) Purchase price.~~

29 ~~(iv) Capacity for passengers.~~

30 ~~(v) Type of fuel used.~~

31 ~~2. The total bus mileage during the current year.~~

32 ~~3. The road conditions upon which eligible students are transported~~  
33 ~~reported in a format specified by the superintendent of public instruction.~~

34 ~~4. The total bus mileage for the current year for academic and career~~  
35 ~~and technical education and vocational education and athletic trips reported~~  
36 ~~in a format specified by the superintendent of public instruction.~~

37 ~~C.~~ B. A school district shall meet the requirements of this section  
38 to receive state aid. The superintendent of public instruction may withhold  
39 a school district's apportionment of state aid if it is determined by the  
40 superintendent of public instruction that the school district is not  
41 complying with the requirements of this section.

42 ~~D.~~ C. For the purposes of this article and section 15-901, "school  
43 bus" or "bus" means a bus as defined in section 28-101, except that the  
44 passenger capacity standards prescribed in that section do not apply.

45 Sec. 16. Section 15-945, Arizona Revised Statutes, is amended to read:

46 15-945. Transportation support level

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

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

5 2. Multiply the figure obtained in paragraph 1 of this subsection by  
 6 one hundred eighty, or for a school district that elects to provide two  
 7 hundred days of instruction pursuant to section 15-902.04, multiply the  
 8 figure obtained in paragraph 1 of this subsection by two hundred.

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

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

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

<u>Column 1</u>	<u>Column 2</u>
19 Approved Daily Route	State Support Level per
20 Mileage per Eligible	Route Mile for
21 <u>Student Transported</u>	<u>Fiscal Year 2012-2013</u>
22 0.5 or less	2.42
23 More than 0.5 through 1.0	1.97
24 More than 1.0	2.42

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

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

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

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

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

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

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

10 1. Determine the sum of the following:

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

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

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

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

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

37 F. SCHOOL DISTRICTS MUST PROVIDE THE ODOMETER READING FOR EACH BUS AS  
38 OF THE END OF THE CURRENT YEAR AND THE TOTAL BUS MILEAGE DURING THE CURRENT  
39 YEAR.

40 Sec. 17. Section 15-947, Arizona Revised Statutes, is amended to read:  
41 15-947. Revenue control limit; district support level; general  
42 budget limit; unrestricted total capital budget  
43 limit; soft capital allocation limit

44 A. The revenue control limit for a school district is equal to the sum  
45 of the base revenue control limit determined in section 15-944 and the  
46 transportation revenue control limit determined in section 15-946.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 ~~(c) Expenditures for excess utility costs as provided in section~~  
35 ~~15-910.~~

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

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

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

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

44 ~~(h)~~ (g) Amounts budgeted for a jointly owned and operated career and  
45 technical education and vocational education center as provided in section  
46 15-910.01.

1           3. The maintenance and operations portion of the capital outlay  
2 revenue limit for the budget year.

3           4. Any other budget item that is budgeted in the maintenance and  
4 operation section of the budget and that is specifically exempt from the  
5 revenue control limit or the capital outlay revenue limit.

6           D. The unrestricted capital budget limit, for each school district for  
7 each fiscal year, is the sum of the following:

8           1. The federal impact adjustment as determined in section 15-964 for  
9 the budget year.

10           2. Any other budget item that is budgeted in the capital outlay  
11 section of the budget and that is specifically exempt from the capital outlay  
12 revenue limit.

13           3. The unrestricted capital portion of the amounts contained in  
14 subsection C of this section.

15           4. The unexpended budget balance in the unrestricted capital outlay  
16 fund from the previous fiscal year.

17           5. The net interest earned in the unrestricted capital outlay fund the  
18 previous fiscal year.

19           6. The budgeted amount as approved and determined pursuant to section  
20 15-962, subsection F.

21           E. The soft capital allocation limit for each school district for each  
22 fiscal year is the sum of the following:

23           1. The soft capital allocation for the budget year.

24           2. The unexpended budget balance in the soft capital allocation fund  
25 from the previous fiscal year.

26           3. The net interest earned in the soft capital allocation fund the  
27 previous fiscal year.

28           Sec. 18. Section 15-973.01, Arizona Revised Statutes, is amended to  
29 read:

30           15-973.01. Assistance for education fund

31           A. The assistance for education fund is established consisting of  
32 monies received pursuant to section 43-617.

33           B. The state board of education shall administer the fund. On notice  
34 from the state board, the state treasurer shall invest and divest monies in  
35 the fund as provided by section 35-313 and monies earned from investments  
36 shall be credited to the fund. Monies in the fund:

37           1. Are continuously appropriated to the state board of education.

38           2. Are exempt from the provisions of section 35-190, relating to  
39 lapsing of appropriations.

40           ~~C. The state board of education shall accumulate monies until those  
41 monies are sufficient to provide a minimum of five dollars per unweighted  
42 student count and shall distribute monies in the fund to school districts and  
43 charter schools at the same time, in the same manner and in the same  
44 proportions as state aid from appropriations made pursuant to sections 15-185  
45 and 15-973.~~

1 ~~D. Monies in the fund shall not be used to reduce the general fund~~  
2 ~~requirement for state aid.~~

3 C. THE STATE BOARD OF EDUCATION SHALL DISTRIBUTE MONIES IN THE FUND TO  
4 THE DEPARTMENT OF EDUCATION TO FUND SOLUTIONS TEAMS ASSIGNED TO SCHOOLS  
5 PURSUANT TO SECTION 15-241.

6 Sec. 19. Section 15-974, Arizona Revised Statutes, is amended to read:  
7 15-974. Equalization assistance for education for accommodation  
8 schools

9 A. Equalization assistance for education for accommodation schools  
10 shall be paid from appropriations for that purpose to the school districts as  
11 provided in section 15-973.

12 B. When an accommodation school has a positive total cash balance at  
13 the end of a fiscal year in its maintenance and operation fund, the county  
14 school superintendent of the county in which the accommodation school is  
15 located may authorize an addition to the accommodation school's revenue  
16 control limit as provided in section 15-947, subsection A for the following  
17 fiscal year. The county school superintendent may not authorize an addition  
18 that exceeds the lesser of the ending cash balance less the amount budgeted  
19 for the budget balance carryforward as provided in section 15-943.01 or ten  
20 per cent of the revenue control limit of the accommodation school and five  
21 per cent of the revenue control limit pursuant to section 15-482, without the  
22 necessity of an election pursuant to section 15-481. If an accommodation  
23 school has a cash balance in excess of the amount needed to fund the budget  
24 balance carryforward, the addition authorized pursuant to this subsection and  
25 the items listed in section 15-947, subsection C, paragraph 2, ~~subdivisions~~  
26 ~~(e) and (f)~~ SUBDIVISION (e) for the following fiscal year, the remaining cash  
27 balance may be used for capital expenditures pursuant to section 15-962,  
28 subsection F.

29 C. Subsection B of this section shall not apply to an accommodation  
30 school with a student count of one hundred twenty-five or less in  
31 kindergarten programs and grades one through eight or to an accommodation  
32 school which offers instruction in grades nine, ten, eleven or twelve and  
33 which has a student count of one hundred or less in grades nine through  
34 twelve.

35 Sec. 20. Section 15-991, Arizona Revised Statutes, is amended to read:  
36 15-991. Annual estimate by county school superintendent of  
37 monies for ensuing year

38 A. The county school superintendent, not later than August 1 each  
39 year, shall file in writing with the governing board of each school district  
40 in the county and the board of supervisors the superintendent's estimate of  
41 the amount of school monies required by each school district for the ensuing  
42 year, based on the budgets adopted by the governing boards of the school  
43 districts. The county school superintendent, concurrent with the board of  
44 supervisors adopting tax rates each year, shall file in writing with the  
45 property tax oversight commission the finalized estimate of the amount of  
46 school monies required by each school district for the ensuing year, based on

1 the budgets adopted by the school district governing boards. The estimate  
2 shall contain:

3 1. A statement of the student count of each school district.

4 2. The total amount to be received for the year by each school  
5 district from the county school fund and the special county school reserve  
6 fund.

7 3. The projected ending cash balance from the previous year adjusted  
8 for encumbrances and payables for each school district as provided by the  
9 school district and as certified by the president of the school district  
10 governing board. A governing board may delegate to a superintendent, head  
11 teacher or business manager the authority to certify the projected cash  
12 balance.

13 4. The anticipated interest earnings for each school district.

14 5. Revenues equal to the amount included in the adopted budget for the  
15 maintenance and operation section of the budget permitted by section 15-947,  
16 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and  
17 (vi) and subdivision ~~(d)~~ (c). The county school superintendent shall  
18 subtract from each school district's budgeted expenditures the total amount  
19 of estimated revenues including the projected ending cash balance from the  
20 previous year adjusted for encumbrances and payables in order to estimate the  
21 additional amounts needed for each school district from the primary property  
22 tax and the secondary property tax. The county school superintendent shall  
23 certify such amounts to the board of supervisors and the property tax  
24 oversight commission in writing at the time of filing the estimate. When  
25 estimating the additional amount needed from the primary property tax for a  
26 school district that is not eligible for any equalization assistance as  
27 provided in section 15-971, the county school superintendent shall include  
28 the school district governing board's estimate of the increase in the revenue  
29 control limit as prescribed by section 15-948 for the applicable year, except  
30 that the percentage increase in average daily membership used to compute the  
31 estimated increase in the revenue control limit may not exceed the average of  
32 the percentage increase in average daily membership in the three years before  
33 the year for which the estimate is made.

34 B. The county school superintendent shall recompute equalization  
35 assistance for education for each school district as provided in section  
36 15-971, subsection A using the property values provided by the county  
37 assessor as provided in section 42-17052. The county school superintendent  
38 shall certify in writing the amount of equalization assistance for education  
39 and the amount needed for each school district from the primary property tax  
40 to the board of supervisors and the property tax oversight commission on or  
41 before the third day before the day the board of supervisors is required to  
42 levy school district taxes as provided in section 15-992.

43 C. The county school superintendent shall compute the additional  
44 amount to be levied as provided in section 15-992, subsection B, using the  
45 property values provided in section 42-17052. The county school  
46 superintendent shall certify in writing the additional amount to be levied to

1 the county board of supervisors and the property tax oversight commission on  
2 or before the third day before the day the board of supervisors is required  
3 to levy school district taxes as provided in section 15-992.

4 D. On or before September 1, the governing board of a school district  
5 shall file with the county school superintendent an estimate of the amount of  
6 title VIII of the elementary and secondary education act of 1965 monies it is  
7 eligible to receive during the current year. On or before June 1, the  
8 governing board shall file with the county school superintendent and the  
9 superintendent of public instruction a statement of the actual amount of  
10 title VIII of the elementary and secondary education act of 1965 monies it  
11 received during the current year. This subsection does not apply to  
12 accommodation schools.

13 E. The department may collect any other similar or related information  
14 from school districts that the department may determine is necessary to carry  
15 out the purposes of this section.

16 Sec. 21. Section 15-1041, Arizona Revised Statutes, is amended to  
17 read:

18 15-1041. Student accountability information system

19 The student accountability information system is established to enable  
20 school districts, JOINT TECHNICAL EDUCATION DISTRICTS and charter schools to  
21 transmit student level data and school finance data electronically through  
22 the internet to the department of education for the purposes of complying  
23 with the statutory obligations of the department of education and the state  
24 board of education.

25 Sec. 22. Section 15-1042, Arizona Revised Statutes, is amended to  
26 read:

27 15-1042. Timeline: student level data: definition

28 A. The department of education shall notify school districts, JOINT  
29 TECHNICAL EDUCATION DISTRICTS and charter schools of electronic data  
30 submission procedures and shall distribute a list of the specific student  
31 level data elements, INCLUDING THE STATUTORY OR REGULATORY REFERENCE FOR EACH  
32 DATA ELEMENT, that school districts, JOINT TECHNICAL EDUCATION DISTRICTS and  
33 charter schools are required to submit. The department of education shall  
34 not make any changes to the student level data elements to be collected  
35 UNLESS THE STUDENT LEVEL DATA ELEMENT HAS BEEN REVIEWED AND ADOPTED BY THE  
36 DATA GOVERNANCE COMMISSION ESTABLISHED BY SECTION 15-249.01. ~~except for the~~  
37 ~~following:~~

38 ~~1. Student attendance data for a joint technical education district,~~  
39 ~~including entry date and exit date, for classes that count towards the~~  
40 ~~student's graduation requirements as provided for in section 15-701.01.~~

41 ~~2. Student attendance data for a community college, unless the college~~  
42 ~~is owned, operated or chartered by an Indian tribe, including entry date and~~  
43 ~~exit date, for classes that count towards the student's graduation~~  
44 ~~requirements as provided for in section 15-701.01.~~

45 B. Each school district, JOINT TECHNICAL EDUCATION DISTRICT and  
46 charter school shall submit electronic data on a school by school basis,

1 including student level data, to the department of education in order for the  
2 school district, JOINT TECHNICAL EDUCATION DISTRICT or charter school to  
3 receive monies for the cost of educating students pursuant to this title.

4 C. The department of education shall grant a school district, JOINT  
5 TECHNICAL EDUCATION DISTRICT or charter school an extension to the deadline  
6 for the submission of student level data or may provide for an alternative  
7 method for the submission of student level data if the school district, JOINT  
8 TECHNICAL EDUCATION DISTRICT or charter school proves that good cause exists  
9 for the extension, and the school district, JOINT TECHNICAL EDUCATION  
10 DISTRICT or charter school shall continue to receive monies for the cost of  
11 educating students pursuant to this title. The request ~~by a school district~~  
12 ~~or charter school~~ for an extension of the deadline for the submission of  
13 student level data PURSUANT TO THIS SUBSECTION shall include a justification  
14 for the extension and the status of current efforts towards complying with  
15 the submission of student level data.

16 D. A pupil or the parent or guardian of a pupil shall not be required  
17 to submit data that does not relate to the provision of educational services  
18 or assistance to the pupil.

19 ~~E. Each student level data element shall include a statutory reference~~  
20 ~~to the law that necessitates its collection.~~

21 ~~F.~~ E. Unless otherwise prescribed, school districts, JOINT TECHNICAL  
22 EDUCATION DISTRICTS and charter schools shall begin to report new data  
23 elements on July 1 of the year that follows the effective date of the law  
24 that requires the collection of the data.

25 ~~G.~~ F. Student level data items submitted to the department of  
26 education by school districts, JOINT TECHNICAL EDUCATION DISTRICTS AND  
27 CHARTER SCHOOLS pursuant to this section shall not be used to adjust funding  
28 levels or calculate the average daily membership for the purpose of funding  
29 school districts at any time other than the fortieth, one hundredth and two  
30 hundredth days of the school year.

31 ~~H.~~ G. A school district, JOINT TECHNICAL EDUCATION DISTRICT or  
32 charter school is not required to submit student level data to the department  
33 of education more often than once every twenty school days.

34 ~~I.~~ H. Notwithstanding subsection ~~L~~ J of this section, the student  
35 level data shall include reasons for the withdrawal if reasons are provided  
36 by the withdrawing pupil or the pupil's parent or guardian. For the purposes  
37 of this subsection, the department of education shall include in the specific  
38 student level data elements that school districts, JOINT TECHNICAL EDUCATION  
39 DISTRICTS and charter schools are required to submit data relating to  
40 students who withdraw from school because the student is pregnant or because  
41 the student is the biological parent of a child.

42 ~~J. The department of education shall adopt guidelines to remove~~  
43 ~~outdated student level data collected by school districts and charter schools~~  
44 ~~from the student accountability information system.~~

45 ~~K.~~ I. All student level data collected pursuant to this section is  
46 confidential and is not a public record. The data collected may be used for

1 aggregate research and reporting AND FOR PROVIDING ACCESS OF STUDENT LEVEL  
2 DATA TO SCHOOL DISTRICTS, JOINT TECHNICAL EDUCATION DISTRICTS, CHARTER  
3 SCHOOLS, COMMUNITY COLLEGES AND UNIVERSITIES UNDER THE JURISDICTION OF THE  
4 ARIZONA BOARD OF REGENTS.

5 ~~+~~ J. For the purposes of this section, "student level data" means  
6 all data elements that are compiled and submitted for each student in this  
7 state and that are necessary for the completion of the statutory requirements  
8 of the department of education and the state board of education relating to  
9 the calculation of funding for public education, the determination of student  
10 academic progress as measured by student testing programs in this state,  
11 state and federal reporting requirements and other duties prescribed to the  
12 department of education or the state board of education by law. Student  
13 level data does not include data elements related to student behavior,  
14 discipline, criminal history, medical history, religious affiliation,  
15 personal physical descriptors or family information not authorized by the  
16 parent or guardian of the pupil OR OTHERWISE REQUIRED BY LAW.

17 Sec. 23. Section 15-1043, Arizona Revised Statutes, is amended to  
18 read:

19 15-1043. Student level data; confidentiality

20 A. Any disclosure of educational records compiled by the department of  
21 education pursuant to this article shall comply with the family educational  
22 RIGHTS and privacy ~~rights~~ act (20 United States Code section 1232g).

23 B. Student level data ~~is the property of the school district or~~  
24 ~~charter school and~~ may not be updated unless the change is authorized by the  
25 school district, JOINT TECHNICAL EDUCATION DISTRICT or charter school.

26 C. THE DEPARTMENT OF EDUCATION SHALL ADOPT POLICIES AND PROCEDURES TO  
27 ALLOW ACCESS OF STUDENT LEVEL DATA FOR CURRENTLY ENROLLED STUDENTS TO SCHOOL  
28 DISTRICTS, JOINT TECHNICAL EDUCATION DISTRICTS AND CHARTER SCHOOLS.

29 Sec. 24. Section 43-617, Arizona Revised Statutes, is amended to read:

30 43-617. Contribution for solutions teams assigned to schools

31 A. The department shall provide a space on the individual income tax  
32 return form in which the taxpayer may designate all or any amount of the  
33 taxpayer's refund as a voluntary contribution for ~~state aid to public schools~~  
34 ~~pursuant to~~ FUNDING SOLUTIONS TEAMS ASSIGNED TO SCHOOLS AS PROVIDED IN  
35 section 15-973.01.

36 B. After subtracting any setoff for debts pursuant to section 42-1122,  
37 the department shall subtract the designated amount from the refund due the  
38 taxpayer and transfer it to the state board of education, which shall credit  
39 the amount of the contribution to the assistance for education fund  
40 established pursuant to section 15-973.01. The department shall determine  
41 the initial administrative cost of this section and report the amount to the  
42 state board of education, which shall transfer that amount from the  
43 assistance for education fund to the state general fund.

44 Sec. 25. School district overstatements of average daily  
45 membership; correction

1           A. Notwithstanding section 15-905, Arizona Revised Statutes, as  
2 amended by this act, and section 15-915, Arizona Revised Statutes, a school  
3 district that overstated its average daily membership during fiscal years  
4 2008-2009, 2009-2010 and 2010-2011 shall be required to correct the  
5 overstatement over a period of five years, beginning in fiscal year 2012-2013  
6 and ending in fiscal year 2016-2017. The repayment amount shall be paid in  
7 equal installments in each of the four remaining fiscal years after fiscal  
8 year 2012-2013. This subsection applies to a school district if all of the  
9 following conditions exist:

10           1. The school district is a unified school district that is located on  
11 an Indian reservation.

12           2. The school district borders the states of Utah and New Mexico.

13           3. The school district's average daily membership for the 2011-2012  
14 school year was more than seven hundred pupils and less than one thousand  
15 pupils.

16           4. The overstatement was the result of the school district enrolling  
17 and counting in its average daily membership pupils who were not residents of  
18 this state but who were residents of another state and these pupils were not  
19 eligible to be included in the school district's average daily membership  
20 pursuant to an audit finding published by the department of education in  
21 August 2012.

22           5. The total amount of the correction necessary as a result of the  
23 overstatements is more than two million dollars and less than two million  
24 five hundred thousand dollars.

25           B. In addition to monies required to be repaid under subsection A of  
26 this section, accrued interest shall be paid at a rate determined by the  
27 superintendent of public instruction.

APPROVED BY THE GOVERNOR JUNE 20, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 21, 2013.