REFERENCE TITLE: 2013-2014; K-12 education; budget reconciliation.

State of Arizona
House of Representatives
Fifty-first Legislature
First Special Session
2013

HB 2003

Introduced by
Representative Pratt

AN ACT

REPEALING SECTION 15-105, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-185, 15-249 AND 15-249.02, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.04; AMENDING SECTIONS 15-901, 15-909, 15-945 AND 15-961, ARIZONA REVISED STATUTES; REPEALING SECTION 15-962, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-962.01, 15-2002 AND 15-2011, ARIZONA REVISED STATUTES; REPEALING SECTION 15-2031, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; REPEALING LAWS 2011, SECOND SPECIAL SESSION, CHAPTER 1, SECTION 135; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Repeal; transfer of monies

A. Section 15-105, Arizona Revised Statutes, is repealed.

B. All monies remaining in the early graduation scholarship fund established by section 15-105, Arizona Revised Statutes, are transferred on the effective date of this act to the commission for postsecondary education IGA and ISA fund for the purpose of funding a one-year continuation of the special education grant program that provides forgivable student loans to juniors and seniors who attend private postsecondary educational institutions in this state.

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

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

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

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

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

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

(a) Increase its student count as provided in subsection B, paragraph 2 of this section during the first year of the charter school's operation to include those charter school pupils who were not previously enrolled in the school district. A charter school sponsored by a school district governing board is eligible for the CHARTER ADDITIONAL assistance prescribed in subsection B, paragraph 4 of this section. The ~~soft capital~~ DISTRICT ADDITIONAL ASSISTANCE allocation as provided in section ~~15-962~~ 15-961 for the school district sponsoring the charter school shall be increased by the amount of the CHARTER additional assistance. The school district shall include the full amount of the CHARTER additional assistance in the funding provided to the charter school.

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

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

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

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

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

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

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

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, of the charter

school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education, the state board for charter schools, the sponsoring university, the sponsoring community college district or the sponsoring group of community college districts may require a charter school to report periodically regarding pupil enrollment and attendance, and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

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

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and CHARTER additional assistance. The amount of the CHARTER additional assistance is one thousand six hundred ~~fifty-four~~ EIGHTY-FOUR dollars ~~forty-one~~ NINETEEN cents per student count in kindergarten programs and grades one through eight and one thousand nine hundred ~~twenty-eight~~ SIXTY-TWO dollars ~~nineteen~~ NINETY cents per student count in grades nine through twelve.

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

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

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

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 5, for that pupil in the school district and the charter school shall not exceed 1.0, except that if the pupil is enrolled in both a charter school and a joint technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for

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

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

1. Equalization assistance shall not be less than zero.

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

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

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

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

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

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

I. In addition to the withholding of state aid payments pursuant to subsection H of this section, the sponsor of a charter school may impose a civil penalty of one thousand dollars per occurrence if a charter school fails to comply with the fingerprinting requirements prescribed in section 15-183, subsection C or section 15-512. The sponsor of a charter school shall not impose a civil penalty if it is the first time that a charter school is out of compliance with the fingerprinting requirements and if the charter school provides proof within forty-eight hours of written notification that an application for the appropriate fingerprint check has

been received by the department of public safety. The sponsor of the charter school shall obtain proof that the charter school has been notified, and the notification shall identify the date of the deadline and shall be signed by both parties. The sponsor of a charter school shall automatically impose a civil penalty of one thousand dollars per occurrence if the sponsor determines that the charter school subsequently violates the fingerprinting requirements. Civil penalties pursuant to this subsection shall be assessed by requesting the department of education to reduce the amount of state aid that the charter school would otherwise receive by an amount equal to the civil penalty. The amount of state aid withheld shall revert to the state general fund at the end of the fiscal year.

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

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

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

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

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

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

P. For the purposes of this section:

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

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

Sec. 3. Section 15-249, Arizona Revised Statutes, is amended to read:

15-249. Department of education; education learning and accountability system; reports; reviews

A. Subject to appropriation of state monies, or receipt of federal monies, private donations or grants from any lawful public or private source for this purpose, the department of education, in coordination with the data governance commission established by section 15-249.01, shall develop and implement the education learning and accountability system to collect, compile, maintain and report student level data for students attending public educational institutions that provide instruction to pupils in preschool programs, kindergarten programs, grades one through twelve and postsecondary educational programs in this state.

B. The education learning and accountability system shall:

1. Maintain longitudinal, student level data, including student demographic, grade level, assessment, teacher assignment and other data required to meet state and federal reporting requirements.

2. Incorporate the student accountability information system prescribed in chapter 9, article 8 of this title.

3. Be accessible through commonly used internet web browsers to carry out the data collection, compilation and reporting duties prescribed in this title.

C. The department of education may contract with a third party to carry out the purposes of this section.

D. The department of education, in coordination with the data governance commission, shall develop a detailed plan to develop and implement the education learning and accountability system. THE DEPARTMENT SHALL CONTRACT WITH AN INDEPENDENT THIRD PARTY TO REVIEW AND EVALUATE THE PLAN AND TO MONITOR AND EVALUATE THE IMPLEMENTATION.

E. The department of education AND THE INDEPENDENT EVALUATOR shall present the plan AND THE INDEPENDENT EVALUATION developed pursuant to subsection D of this section to the ~~state board of education~~ JOINT LEGISLATIVE BUDGET COMMITTEE for review and approval. The department of

education AND THE INDEPENDENT EVALUATOR shall continue to provide quarterly reports to the ~~state board of education~~ JOINT LEGISLATIVE BUDGET COMMITTEE, or on request, for review and approval of the ~~state board of education~~ JOINT LEGISLATIVE BUDGET COMMITTEE, on the development and implementation of the education learning and accountability system. All reports provided shall include progress and expenditures to date, timelines, ~~and~~ cost estimates for completion AND PLANS FOR ONGOING SYSTEMS MAINTENANCE AND OPERATIONS.

F. Any contract awarded pursuant to subsection C of this section shall allow the superintendent of public instruction to renew the contracts for two subsequent periods of not more than three years each and shall prescribe the circumstances under which the superintendent of public instruction may terminate the contracts. The contracts shall allow this state to cancel any contract at any time after the first year of operation, without penalty to this state, on ninety days' written notice and shall require the contractor to be in compliance at all times with state and federal law.

G. Any contract awarded pursuant to subsection C of this section may provide for annual contract price or cost adjustments, except that any adjustments may be made only once each year effective on the anniversary of the contract's effective date. Any adjustment made pursuant to the terms of the contract must be applied to the total payments made to the contractor for the previous contract year and shall not exceed the percentage change in the average consumer price index as published by the United States department of labor, bureau of labor statistics between that figure for the latest calendar year and the next previous calendar year. Any price or cost adjustments that are different than those authorized in this subsection may be made only if the legislature specifically authorizes the adjustments and appropriates monies for that purpose, if required.

H. The superintendent of public instruction shall not award a contract pursuant to this section unless:

1. The superintendent of public instruction receives an acceptable proposal pursuant to any request for proposals. For the purposes of this paragraph, "acceptable proposal" means a proposal that substantially meets all of the requirements or conditions prescribed in this section and in the request for proposals.

2. The proposal offers a level and quality of services that equal or exceed the services that would be provided by this state.

3. The contractor provides audited financial statements for the previous five years, or for each year that the contractor has been in operation if fewer than five years, and provides other financial information as requested.

I. The sovereign immunity of this state does not apply to any contractor who is a party to any contract pursuant to this section. The contractor or any agent of the contractor may not plead the defense of sovereign immunity in any action arising out of the performance of the contract.

J. The terms of any contract pursuant to this section are subject to review by the joint legislative budget committee before placement of any advertisement that solicits a response to a request for proposals. Any proposed modification or amendment to the contract is subject to prior review by the joint legislative budget committee.

K. During the first year of operation under a contract executed pursuant to this section, the contracting entity shall submit monthly reports to the department of education as prescribed by the department. After the first year of operation under the contract, the contracting entity shall submit quarterly reports to the department as prescribed by the department. THE DEPARTMENT SHALL FURNISH COPIES OF ALL REPORTS TO THE INDEPENDENT EVALUATOR.

L. At the end of the second year of a contract executed pursuant to this section, an independent evaluator selected ~~by the superintendent of public instruction~~ PURSUANT TO SUBSECTION D OF THIS SECTION shall conduct and complete a performance review to determine if the contracting entity has met the goals specified in the contract. The independent evaluator shall submit a report of the independent evaluator's findings to the governor, the president of the senate and the speaker of the house of representatives on or before May 1, and shall provide a copy of this report to the secretary of state.

M. THE DEPARTMENT MAY ENTER INTO AGREEMENTS WITH SCHOOL DISTRICTS AND CHARTER SCHOOLS TO PROVIDE SERVICES FROM THE COMPLETED EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM AND COLLECT SERVICE FEES. BEGINNING JULY 1, 2014, THE DEPARTMENT SHALL SUBMIT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AN ANNUAL REPORT REGARDING THE AGREEMENTS EXECUTED PURSUANT TO THIS SECTION. THE REPORT SHALL INCLUDE THE NUMBER OF PARTICIPATING SCHOOL DISTRICTS AND CHARTER SCHOOLS, THE SERVICES BEING PROVIDED, ESTIMATED COST SAVINGS CREATED BY THE AGREEMENTS AND PROJECTED PARTICIPATION IN FUTURE YEARS. THE DEPARTMENT SHALL SUBMIT A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

Sec. 4. Section 15-249.02, Arizona Revised Statutes, is amended to read:

15-249.02. Education learning and accountability fund; appropriation; subaccounts

A. The education learning and accountability fund is established consisting of legislative appropriations and fees collected from universities and community college districts, SERVICE FEES, PRIVATE DONATIONS AND GRANTS FROM ANY LAWFUL PUBLIC OR PRIVATE SOURCE in support of the education learning and accountability system for public education. The department of education shall administer the fund. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. ~~All monies deposited in the fund for fiscal year 2011-2012 are appropriated for use in fiscal year 2011-2012 and fiscal year 2012-2013.~~ Monies in the fund may only be used for the purposes prescribed in section 15-249 and are subject to the

requirements for review by the joint legislative budget committee prescribed in that section.

B. The general fund subaccount is established within the education learning and accountability fund consisting of appropriations from the state general fund that are deposited into the fund. Monies in the subaccount are continuously appropriated.

C. The university and community college fee subaccount is established within the education learning and accountability fund consisting of fees collected from universities and community college districts that are deposited into the fund. Monies in the subaccount are subject to legislative appropriation.

D. THE SERVICE FEE, DONATION AND GRANT SUBACCOUNT IS ESTABLISHED WITHIN THE EDUCATION LEARNING AND ACCOUNTABILITY FUND CONSISTING OF SERVICE FEES COLLECTED PURSUANT TO SECTION 15-249, SUBSECTION M, PRIVATE DONATIONS AND GRANTS THAT ARE DEPOSITED INTO THE FUND. MONIES IN THE SUBACCOUNT ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

Sec. 5. Title 15, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 15-249.04, to read:

15-249.04. Report; school district overrides

ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A REPORT THAT LISTS THE AMOUNT BUDGETED BY INDIVIDUAL SCHOOL DISTRICTS FOR THE CURRENT FISCAL YEAR FOR EACH TYPE OF OVERRIDE CONDUCTED PURSUANT TO SECTION 15-481 OR 15-482.

Sec. 6. Section 15-901, Arizona Revised Statutes, is amended to read:

15-901. Definitions

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

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

(a) "Fractional student" means:

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

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

(ii) For high schools, a part-time student who is enrolled in less than four subjects that count toward graduation as defined by the state board of education, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, in a recognized high school. The average daily membership of a part-time high school student shall be 0.75 if the student is enrolled in an instructional program of three subjects that meet at least five hundred forty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.5 if the student is enrolled in an instructional program of two subjects that meet at least three hundred sixty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.25 if the student is enrolled in an instructional program of one subject that meets at least one hundred eighty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section.

(b) "Full-time student" means:

(i) For common schools, a student who is at least six years of age before January 1 of a school year, who has not graduated from the highest grade taught in the school district and who is regularly enrolled in a course of study required by the state board of education. First, second and third grade students, ungraded students at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities who are at least five, but under six, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least seven hundred twelve hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. Fourth, fifth and sixth grade students or ungraded students at least nine, but under twelve, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least eight hundred ninety hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. Seventh and eighth grade students or ungraded students at least twelve, but under fourteen, years of

age by September 1 must be enrolled in an instructional program that meets for at least one thousand hours. Lunch periods and recess periods may not be included as part of the instructional hours unless the student is a child with a disability and the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented.

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

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

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

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

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

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

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

(a) Grades one through eight.

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

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

5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. "Eligible students" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) FOR FISCAL YEAR 2013-2014, THREE THOUSAND THREE HUNDRED TWENTY-SIX DOLLARS FIFTY-FOUR CENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 7. Section 15-909, Arizona Revised Statutes, is amended to read:

15-909. Financial provisions for accommodation schools; definition

A. An accommodation school shall compute a revenue control limit, A DISTRICT SUPPORT LEVEL ~~a capital outlay revenue limit~~ and a ~~soft capital~~ DISTRICT ADDITIONAL ASSISTANCE allocation limit for each fiscal year of operation.

B. For the purpose of computing a revenue control limit, A DISTRICT SUPPORT LEVEL ~~a capital outlay revenue limit~~ and a ~~soft capital~~ DISTRICT ADDITIONAL ASSISTANCE allocation limit, "accommodation school" ~~means:~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 15-101.

~~1. A common school district within a high school district if the school does not offer instruction in grade nine, ten, eleven or twelve or has not received permission to offer instruction in high school subjects as provided in section 15-447.~~

~~2. A unified school district if the school offers instruction in grade nine, ten, eleven or twelve and has received permission to offer instruction in high school subjects as provided in section 15-447.~~

C. State aid shall be apportioned as provided in section 15-973 to each county accommodation school.

Sec. 8. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

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

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

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

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

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

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

Column 1 Approved Daily Route Mileage per Eligible Student Transported	Column 2 State Support Level per Route Mile for Fiscal Year ~~2012-2013~~ 2013-2014
0.5 or less	~~2.42~~ 2.46
More than 0.5 through 1.0	~~1.97~~ 2.01
More than 1.0	~~2.42~~ 2.46

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

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

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

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

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

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

within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

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

1. Determine the sum of the following:

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

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

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

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

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

Sec. 9. Section 15-961, Arizona Revised Statutes, is amended to read:

15-961. District additional assistance; growth rate

A. ~~A capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE per student count is established ~~for fiscal year 2009-2010~~ as follows:

1. For school districts with a student count of less than one hundred for kindergarten programs and grades one through eight, ~~two hundred seventy-two dollars seventy-five cents~~ FIVE HUNDRED SEVEN DOLLARS SIXTY-FOUR CENTS. For school districts with a student count of one hundred or more and less than six hundred for kindergarten programs and grades one through eight, multiply ~~one hundred ninety-four dollars ninety-five cents~~ THREE HUNDRED SIXTY-TWO DOLLARS EIGHTY-FOUR CENTS by the weight ~~which~~ THAT corresponds to the student count for kindergarten programs and grades one through eight for the school district as provided in section 15-943, paragraph 1, subdivision

(a), column 3. For a school district with a student count of six hundred or more in kindergarten programs and grades one through eight, the limit is ~~two hundred twenty-five dollars seventy-six cents~~ FOUR HUNDRED TWENTY DOLLARS EIGHTEEN CENTS.

2. For school districts with a student count of less than one hundred for grades nine through twelve, ~~three hundred twenty-nine dollars forty-one cents~~ SIX HUNDRED THIRTEEN DOLLARS TEN CENTS. For school districts with a student count of one hundred or more and less than six hundred for grades nine through twelve, multiply ~~two hundred eleven dollars twenty-nine cents~~ THREE HUNDRED NINETY-THREE DOLLARS TWENTY-FIVE CENTS by the weight ~~which~~ THAT corresponds to the student count for grades nine through twelve for the school district as provided in section 15-943, paragraph 1, subdivision (b), column 3. For a school district with a student count of six hundred or more in grades nine through twelve, the limit is ~~two hundred sixty-seven dollars ninety-four cents~~ FOUR HUNDRED NINETY-EIGHT DOLLARS SIXTY-NINE CENTS.

3. For programs for preschool children with disabilities, ~~two hundred twenty-five dollars seventy-six cents~~ FOUR HUNDRED TWENTY DOLLARS EIGHTEEN CENTS.

~~B. For fiscal year 2009-2010 and each year thereafter, the capital outlay revenue limit prescribed in subsection A of this section shall be adjusted by the growth rate prescribed by law, subject to appropriation.~~

~~C.~~ B. ~~For fiscal year 1985-1986 and each year thereafter, the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for a school district shall be computed as follows:

1. Select the applicable ~~capital outlay revenue limit or limits~~ DISTRICT ADDITIONAL ASSISTANCE per student count for the school district.

2. Multiply the amount or amounts selected in paragraph 1 of this subsection by the appropriate student count of the school district. The student count of the school district shall not include any pupils in a charter school sponsored by the district pursuant to section 15-185, subsection A, paragraph 3.

3. If a school district's student count used for the budget year is greater than one hundred five per cent of the student count used for the current year's budget, increase the adjusted ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE determined in paragraph 2 of this subsection by the actual percentage increase in the school district's student count.

~~D.~~ C. ~~For fiscal year 2009-2010 and each year thereafter,~~ An amount for the purchase of required textbooks and related printed subject matter materials shall be used to increase the ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for a school district as determined in subsection ~~C~~ B, paragraph 2 or 3 of this section, whichever is applicable. ~~For fiscal year 2009-2010, multiply~~ THIS AMOUNT SHALL EQUAL the student count in grades nine through twelve MULTIPLIED by ~~sixty-nine dollars sixty-eight cents~~ ONE HUNDRED TWENTY-NINE DOLLARS SIXTY-NINE CENTS.

Sec. 10. Repeal

Section 15-962, Arizona Revised Statutes, is repealed.

Sec. 11. Section 15-962.01, Arizona Revised Statutes, is amended to read:

15-962.01. Additional district assistance allocation for joint technical education districts

~~A.~~ The ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for a joint technical education district shall be the amount for students in grades nine through twelve for districts with a student count of six hundred or more as prescribed in section 15-961.

~~B. The soft capital allocation for a joint technical education district shall be the amount for students in grades nine through twelve for districts with a student count of six hundred or more as prescribed in section 15-962.~~

~~C. Joint technical education districts shall establish a district soft capital allocation fund and shall use the monies only for the purposes prescribed in section 15-962, subsection D. The ending unexpended budget balance in the district's soft capital allocation fund may be used in following fiscal years for short-term capital items. Districts shall provide to the superintendent of public instruction an itemized accounting on forms provided by the department of education that details the expenditures of soft capital allocation monies at each school in the joint technical education district. The superintendent of public instruction shall forward a copy of the report to the school facilities board established by section 15-2001.~~

Sec. 12. Section 15-2002, Arizona Revised Statutes, is amended to read:

15-2002. Powers and duties; executive director; staffing; report

A. The school facilities board shall:

1. Make assessments of school facilities and equipment deficiencies and approve the distribution of grants as appropriate.

~~2. Develop a database for administering the building renewal formula prescribed in section 15-2031 and administer the distribution of monies to school districts for building renewal.~~

2. INVENTORY AND INSPECT ALL SCHOOL BUILDINGS IN THIS STATE IN ORDER TO DEVELOP A DATABASE TO ADMINISTER THE BUILDING RENEWAL GRANT FUND AND NEW SCHOOL FACILITIES FORMULA. THE SCHOOL FACILITIES BOARD SHALL MAINTAIN THE DATABASE AND ENSURE THAT THE DATABASE IS UPDATED ON AT LEAST AN ANNUAL BASIS. EACH SCHOOL DISTRICT SHALL REPORT TO THE SCHOOL FACILITIES BOARD NO LATER THAN OCTOBER 15 OF EACH YEAR INFORMATION AS REQUIRED BY THE SCHOOL FACILITIES BOARD FOR THE ADMINISTRATION OF THE BUILDING RENEWAL GRANT FUND AND COMPUTATION OF NEW SCHOOL FACILITIES FORMULA DISTRIBUTIONS. THE SCHOOL FACILITIES BOARD MAY REVIEW OR AUDIT THE INFORMATION, OR BOTH, TO CONFIRM THE INFORMATION SUBMITTED BY A SCHOOL DISTRICT.

3. Inspect school buildings at least once every five years to ensure compliance with the building adequacy standards prescribed in section 15-2011 and routine preventative maintenance guidelines as prescribed in this section with respect to construction of new buildings and maintenance of existing buildings. The school facilities board shall randomly select twenty school districts every thirty months and inspect them pursuant to this paragraph.

4. Review and approve student population projections submitted by school districts to determine to what extent school districts are entitled to monies to construct new facilities pursuant to section 15-2041. The board shall make a final determination within six months of the receipt of an application by a school district for monies from the new school facilities fund.

5. Certify that plans for new school facilities meet the building adequacy standards prescribed in section 15-2011.

6. Develop prototypical elementary and high school designs. The board shall review the design differences between the schools with the highest academic productivity scores and the schools with the lowest academic productivity scores. The board shall also review the results of a valid and reliable survey of parent quality rating in the highest performing schools and the lowest performing schools in this state. The survey of parent quality rating shall be administered by the department of education. The board shall consider the design elements of the schools with the highest academic productivity scores and parent quality ratings in the development of elementary and high school designs. The board shall develop separate school designs for elementary, middle and high schools with varying pupil capacities.

7. Develop application forms, reporting forms and procedures to carry out the requirements of this article.

8. Review and approve or reject requests submitted by school districts to take actions pursuant to section 15-341, subsection G.

9. Submit electronically an annual report ~~by~~ ON OR BEFORE December 15 to the speaker of the house of representatives, the president of the senate, the superintendent of public instruction, the ~~director of the Arizona state library, archives and public records~~ SECRETARY OF STATE and the governor that includes the following information:

(a) A detailed description of the amount of monies distributed by the school facilities board in the previous fiscal year.

(b) A list of each capital project that received monies from the school facilities board during the previous fiscal year, a brief description of each project that was funded and a summary of the board's reasons for the distribution of monies for the project.

(c) A summary of the findings and conclusions of the building maintenance inspections conducted pursuant to this article during the previous fiscal year.

(d) A summary of the findings of common design elements and characteristics of the highest performing schools and the lowest performing schools based on academic productivity, including the results of the parent quality rating survey. For the purposes of this subdivision, "academic productivity" means academic year advancement per calendar year as measured with student-level data using the statewide nationally standardized norm-referenced achievement test.

10. ~~By~~ ON OR BEFORE December 1 of each year, report electronically to the joint committee on capital review the amounts necessary to fulfill the requirements of sections 15-2022~~, 15-2031~~ and 15-2041 for the following fiscal year and the estimated amounts necessary to fulfill the requirements of sections 15-2022~~, 15-2031~~ and 15-2041 for the fiscal year following the next fiscal year. The board shall provide copies of the report to the president of the senate, the speaker of the house of representatives and the governor.

11. Adopt minimum school facility adequacy guidelines to provide the minimum quality and quantity of school buildings and the facilities and equipment necessary and appropriate to enable pupils to achieve the educational goals of the Arizona state schools for the deaf and the blind. The school facilities board shall establish minimum school facility adequacy guidelines applicable to the Arizona state schools for the deaf and the blind.

12. In each even-numbered year, report electronically to the joint committee on capital review the amounts necessary to fulfill the requirements of ~~sections 15-2031 and~~ SECTION 15-2041 for the Arizona state schools for the deaf and the blind for the following two fiscal years. The Arizona state schools for the deaf and the blind shall incorporate the findings of the report in any request for ~~building renewal monies and~~ new school facilities monies. Any monies provided to the Arizona state schools for the deaf and the blind for ~~building renewal and for~~ new school facilities are subject to legislative appropriation.

13. ~~By~~ ON OR BEFORE June 15 of each year, submit electronically detailed information regarding demographic assumptions, a proposed construction schedule and new school construction cost estimates for individual projects approved in the current fiscal year and expected project approvals for the upcoming fiscal year to the joint committee on capital review for its review. A copy of the report shall also be submitted electronically to the governor's office of strategic planning and budgeting. The joint legislative budget committee staff, the governor's office of strategic planning and budgeting staff and the school facilities board staff shall agree on the format of the report.

14. Every two years, provide school districts with information on improving and maintaining the indoor environmental quality in school buildings.

B. The school facilities board may contract for the following services in compliance with the procurement practices prescribed in title 41, chapter 23:

1. Private services.

2. Construction project management services.

3. Assessments for school buildings to determine if the buildings have outlived their useful life pursuant to section 15-2041, subsection G.

4. Services related to land acquisition and development of a school site.

C. The governor shall appoint an executive director of the school facilities board pursuant to section 38-211. The executive director is eligible to receive compensation as determined pursuant to section 38-611 and may hire and fire necessary staff subject to title 41, chapter 4, article 4 and as approved by the legislature in the budget. The executive director shall have demonstrated competency in school finance, facilities design or facilities management, either in private business or government service. The executive director serves at the pleasure of the governor. The staff of the school facilities board is exempt from title 41, chapter 4, articles 5 and 6. The executive director:

1. Shall analyze applications for monies submitted to the board by school districts.

2. Shall assist the board in developing forms and procedures for the distribution and review of applications and the distribution of monies to school districts.

3. May review or audit, or both, the expenditure of monies by a school district for deficiencies corrections~~, building renewal~~ and new school facilities.

4. Shall assist the board in the preparation of the board's annual report.

5. Shall research and provide reports on issues of general interest to the board.

6. May aid school districts in the development of reasonable and cost-effective school designs in order to avoid statewide duplicated efforts and unwarranted expenditures in the area of school design.

7. May assist school districts in facilitating the development of multijurisdictional facilities.

8. Shall assist the board in any other appropriate matter or method as directed by the members of the board.

9. Shall establish procedures to ensure compliance with the notice and hearing requirements prescribed in section 15-905. The notice and hearing procedures adopted by the board shall include the requirement, with respect to the board's consideration of any application filed after July 1, 2001 or after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities

proposed to be located in territory in the vicinity of a military airport or ancillary military facility, that the military airport receive notification of the application by first class mail at least thirty days before any hearing concerning the application.

10. May expedite any request for monies in which the local match was not obtained for a project that received preliminary approval by the state board for school capital facilities.

11. Shall expedite any request for monies in which the school district governing board submits an application that shows an immediate need for a new school facility.

12. Shall make a determination as to administrative completion within one month after the receipt of an application by a school district for monies from the new school facilities fund.

13. Shall provide technical support to school districts as requested by school districts in connection with the construction of new school facilities and the maintenance of existing school facilities and may contract directly with construction project managers pursuant to subsection B of this section. This paragraph does not restrict a school district from contracting with a construction project manager using district or state resources.

D. When appropriate, the school facilities board shall review and use the statewide school facilities inventory and needs assessment conducted by the joint committee on capital review and issued in July, 1995.

E. The school facilities board shall contract with one or more private building inspectors to complete an initial assessment of school facilities and equipment and shall inspect each school building in this state at least once every five years to ensure compliance with section 15-2011. A copy of the inspection report, together with any recommendations for building maintenance, shall be provided to the school facilities board and the governing board of the school district.

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

G. The board shall not award any monies to fund new facilities that are financed by class A bonds that are issued by the school district.

H. The board shall not distribute monies to a school district for replacement or repair of facilities if the costs associated with the replacement or repair are covered by insurance or a performance or payment bond.

I. The board may contract for construction services and materials that are necessary to correct existing deficiencies in school district facilities. The board may procure the construction services necessary pursuant to this subsection by any method, including construction-manager-at-risk, design-build, design-bid-build or job-order-contracting as provided by title

41, chapter 23. The construction planning and services performed pursuant to this subsection are exempt from section 41-791.01.

J. The school facilities board may enter into agreements with school districts to allow school facilities board staff and contractors access to school property for the purposes of performing the construction services necessary pursuant to subsection I of this section.

K. Each school district shall develop routine preventative maintenance guidelines for its facilities. The guidelines shall include plumbing systems, electrical systems, heating, ventilation and air conditioning systems, special equipment and other systems and for roofing systems shall recommend visual inspections performed by district staff for signs of structural stress and weakness. The guidelines shall be submitted to the school facilities board for review and approval. If on inspection by the school facilities board it is determined that a school district facility was inadequately maintained pursuant to the school district's routine preventative maintenance guidelines, the school district shall ~~use building renewal monies pursuant to section 15-2031, subsection L to~~ return the building to compliance with the school district's routine preventative maintenance guidelines. ~~Once the district is in compliance, it no longer is required to use building renewal monies for preventative maintenance.~~

L. The school facilities board may temporarily transfer monies between the capital reserve fund established by section 15-2003, the emergency deficiencies correction fund established by section 15-2022~~, the building renewal fund established by section 15-2031~~ and the new school facilities fund established by section 15-2041 if all of the following conditions are met:

1. The transfer is necessary to avoid a temporary shortfall in the fund into which the monies are transferred.

2. The transferred monies are restored to the fund where the monies originated as soon as practicable after the temporary shortfall in the other fund has been addressed.

3. The school facilities board reports to the joint committee on capital review the amount of and the reason for any monies transferred.

M. After notifying each school district, and if a written objection from the school district is not received by the school facilities board within thirty days of the notification, the school facilities board may access public utility company records of power, water, natural gas, telephone and broadband usage to assemble consistent and accurate data on utility consumption at school facilities to determine the effectiveness of facility design, operation and maintenance measures intended to reduce energy and water consumption and costs. Any public utility that provides service to a school district in this state shall provide the data requested by the school facilities board pursuant to this subsection.

N. The school facilities board shall not require a common school district that provides instruction to pupils in grade nine to obtain approval from the school facilities board to reconfigure its school facilities. A common school district that provides instruction to pupils in grade nine is not entitled to additional monies from the school facilities board for facilities to educate pupils in grade nine.

Sec. 13. Section 15-2011, Arizona Revised Statutes, is amended to read:

15-2011. Minimum school facility adequacy requirements; definition

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

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

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

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

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

4. The buildings are structurally sound.

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

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

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

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

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

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

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

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

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

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

2. Geographic factors.

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

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

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

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

(a) Total gross square footage.

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

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

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

5. Include all portable and modular buildings.

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

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

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

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

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

~~8.~~ 7. Exclude square footage built under a developer agreement according to section 15-342, paragraph 33 until the school facilities board provides funding for the square footage under section 15-2041, subsection O.

~~9.~~ 8. Include square footage that a school district has leased to another entity, including square footage leased to a charter school that is sponsored by a school district pursuant to section 15-183.

F. The school facilities board shall adopt rules establishing minimum school facility adequacy guidelines. The guidelines shall provide the minimum quality and quantity of school buildings and facilities and equipment necessary and appropriate to enable pupils to achieve the academic standards pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the school facilities board shall address all of the following in developing these guidelines:

1. School sites.
2. Classrooms.
3. Libraries and media centers, or both.
4. Cafeterias.
5. Auditoriums, multipurpose rooms or other multiuse space.
6. Technology.
7. Transportation.

8. Facilities for science, arts and physical education.

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

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

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

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

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

Sec. 14. Repeal

Section 15-2031, Arizona Revised Statutes, is repealed.

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

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

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

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

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

1. Major renovations and repairs to a building.

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

3. Infrastructure costs.

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

1. New construction.

2. Remodeling interior space for aesthetic or preferential reasons.

3. Exterior beautification.

4. Demolition.

~~5. The purchase of soft capital items pursuant to section 15-962.~~

~~6.~~ 5. Routine preventative maintenance.

~~7.~~ 6. Any project in a building, or part of a building, that is being leased to another entity, including a charter school that is sponsored by a school district pursuant to section 15-183.

E. ACCOMMODATION SCHOOLS ARE NOT ELIGIBLE FOR MONIES FROM THE BUILDING RENEWAL GRANT FUND.

~~E.~~ F. For the purposes of this section:

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

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

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

Sec. 16. Section 15-2041, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The school facilities board shall review and evaluate the enrollment projections. ~~and~~ ON OR BEFORE MARCH 1, FOLLOWING THE SUBMISSION OF THE ENROLLMENT PROJECTIONS, THE SCHOOL FACILITIES BOARD SHALL either approve the projections as submitted or revise the projections. In determining new construction requirements, the school facilities board shall determine the net new growth of pupils that will require additional square

footage that exceeds the building adequacy standards prescribed in section 15-2011. If the projected growth and the existing number of pupils exceed three hundred fifty pupils who are served in a school district other than the pupil's resident school district, the school facilities board, the receiving school district and the resident school district shall develop a capital facilities plan on how to best serve those pupils. A small isolated school district as defined in section 15-901 is not required to develop a capital facilities plan pursuant to this paragraph.

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

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

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

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

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

(ii) Geographic factors.

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

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

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

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

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

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

6. If a school district leases a building to another entity, including a charter school that is sponsored by a school district pursuant to section 15-183, that building shall be included in the school district's square

footage calculation for purposes of new construction pursuant to this section.

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

F. The school facilities board shall distribute the monies needed for land for new schools so that land may be purchased at a price that is less than or equal to fair market value and in advance of the construction of the new school. If necessary, the school facilities board may distribute monies for land to be leased for new schools if the duration of the lease exceeds the life expectancy of the school facility by at least fifty per cent. A school district shall not use land purchased or partially purchased with monies provided by the school facilities board for a purpose other than a site for a school facility without obtaining prior written approval from the school facilities board. A school district shall not lease, sell or take any action that would diminish the value of land purchased or partially purchased with monies provided by the school facilities board without obtaining prior written approval from the school facilities board. The proceeds derived through the sale of any land purchased or partially purchased, or the sale of buildings funded or partially funded, with monies provided by the school facilities board shall be returned to the state fund from which it was appropriated and to any other participating entity on a proportional basis. Except as provided in section 15-342, paragraph 33, if a school district acquires real property by donation at an appropriate school site approved by the school facilities board, the school facilities board shall distribute an amount equal to twenty per cent of the fair market value of the donated real property that can be used for academic purposes. The school district shall place the monies in the unrestricted capital outlay fund and increase the unrestricted capital budget limit by the amount of monies placed in the fund. Monies distributed under this subsection shall be distributed from the new school facilities fund. A school district that receives monies from the new

school facilities fund for a donation of land pursuant to section 15-342, paragraph 33 shall not receive monies from the school facilities board for the donation of real property pursuant to this subsection. A school district shall not pay a consultant a percentage of the value of any of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

P. ACCOMMODATION SCHOOLS ARE NOT ELIGIBLE FOR MONIES FROM THE NEW SCHOOL FACILITIES FUND.

Sec. 17. Repeal

Laws 2011, second special session, chapter 1, section 135, is repealed.

Sec. 18. Joint technical education district equalization funding; fiscal year 2013-2014

Notwithstanding section 15-393, Arizona Revised Statutes, or any other law, the department of education shall fund state aid for joint technical education districts with a student count of more than two thousand students for fiscal year 2013-2014 at ninety-one per cent of the amount that otherwise would be provided by law.

Sec. 19. School facilities board; new construction moratorium

A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised Statutes, as amended by this act, for fiscal year 2013-2014, the school facilities board shall not authorize or award funding for the design or construction of any new school facility and shall not authorize or award

funding for school site acquisitions. This subsection does not apply to a facility that is to be constructed for a unified school district that has received final approval from the school facilities board before January 1, 2013, that had an average daily membership of fewer than one thousand five hundred pupils in fiscal year 2011-2012 and that is located in a county with a population of fewer than one hundred fifty thousand persons.

B. During fiscal year 2013-2014, school districts shall submit capital plans according to section 15-2041, subsection C, Arizona Revised Statutes. The school facilities board may review and award new school facilities as outlined in section 15-2041, Arizona Revised Statutes, subject to future appropriations.

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

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

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

Sec. 20. Deposits in the education learning and accountability fund

On or before December 31, 2013, each community college district shall transmit six dollars per full-time student equivalent according to the most recent audit and each university under the jurisdiction of the Arizona board of regents shall transmit six dollars per actual university full-time equivalent student to the department of education for deposit in the education learning and accountability fund established by section 15-249.02, Arizona Revised Statutes.

Sec. 21. School facilities board; refinancing or refunding agreement

A. Notwithstanding section 15-2004, subsection M, section 15-2005, subsection M and section 15-2006, Arizona Revised Statutes, the school facilities board may enter into a refinancing or refunding agreement in fiscal year 2013-2014 that will reduce the school facilities board's fiscal year 2013-2014 and fiscal year 2014-2015 lease-purchase payments by a combined total of at least $4,000,000 but that will not increase or decrease the total amount of the school facilities board's lease-purchase payments in any other fiscal year by more than $100,000.

B. Before the school facilities board enters into a refinancing or refunding agreement pursuant to subsection A of this section, the agreement's proposed terms shall be submitted for review by the joint committee on capital review.

C. The school facilities board shall revert any unexpended monies appropriated to the new school facilities debt service special line item in fiscal year 2013-2014 to the state general fund on or before June 30, 2014.

Sec. 22. Limitation on amount of bonded indebtedness; intent

A. Notwithstanding section 15-1021, subsection B, Arizona Revised Statutes, from the effective date of this section until July 1, 2016, a school district may issue class B bonds for the purposes specified in section 15-1021, Arizona Revised Statutes, and title 15, chapter 4, article 5, Arizona Revised Statutes, to an amount in the aggregate, including the existing class B indebtedness, not exceeding ten per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, Arizona Revised Statutes, within a school district as ascertained by the last assessment of state and county taxes previous to issuing the bonds, or one thousand five hundred dollars per student count pursuant to section 15-901, subsection A, paragraph 13, Arizona Revised Statutes, whichever amount is greater. A school district shall not issue class B bonds pursuant to this subsection until the proceeds of any class A bonds issued by the school district have been obligated in contract. The total amount of class A and class B bonds issued by a school district shall not exceed the debt limitations prescribed in article IX, section 8, Constitution of Arizona.

B. Notwithstanding section 15-1021, subsection D, Arizona Revised Statutes, from the effective date of this section until July 1, 2016, a unified school district as prescribed by article IX, section 8.1, Constitution of Arizona, may issue class B bonds for the purposes specified in section 15-1021, Arizona Revised Statutes, and title 15, chapter 4, article 5, Arizona Revised Statutes, to an amount in the aggregate, including the existing class B indebtedness, not exceeding twenty per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, Arizona Revised Statutes, within a school district as ascertained by the last assessment of state and county taxes previous to issuing the bonds, or one thousand five hundred dollars per student count pursuant to section 15-901, subsection A, paragraph 13, Arizona Revised Statutes, whichever amount is greater. A unified school district shall not issue class B bonds pursuant to this subsection until the proceeds of any class A bonds issued by the unified school district have been obligated in contract. The total amount of class A and class B bonds issued by a unified school district shall not exceed the debt limitations prescribed in article IX, section 8.1, Constitution of Arizona.

C. Any class B bonds issued pursuant to this act that are in excess of the limits prescribed in section 15-1021, Arizona Revised Statutes, shall be considered special class B bonds. Special class B bonds shall be treated as class A bonds for the purpose of computing class B bond capacity when the increase prescribed in this act is no longer in effect. Special class B

bonds shall not be treated as class A bonds for the purpose of requiring that the proceeds be obligated in contract.

D. The bonded indebtedness limits prescribed by subsections A and B of this section apply to bonds issued pursuant to elections held both before and after the effective date of this act.

E. The social, economic and financial welfare of this state is affected by the economic and financial conditions that have existed since 2008 and continue today. The conditions have caused a decrease in tax revenue and in assessed valuations which decrease has resulted in a temporary emergency involving the ability to fund needed construction and repair of school facilities and which emergency condition is alleviated by enactment of this section.

F. It is the intent of the legislature that, if a school district uses this section, the revenue that results from the temporary additional bonding capacity prescribed in this section be used only for capital purposes and not be used for maintenance and operation expenses, as provided in section 15-491, Arizona Revised Statutes.

Sec. 23. Department of education; request for proposals; ELL hardware and software; pilot program; funding; delayed repeal

A. The department of education shall develop and administer a three-year pilot program on online English language learner instruction.

B. The department of education shall issue a request for information to entities that specialize in hardware and software designed to provide online instruction to pupils who are classified as English language learners. After reviewing and analyzing the information provided, the department shall issue a request for proposals to entities that specialize in hardware and software designed to provide online instruction to pupils who are classified as English language learners. The department shall award a contract to the entity that will provide the hardware and software in the most efficient and cost-effective manner. The department shall award a contract pursuant to this section on or before December 31, 2013. Before execution of the contract pursuant to this subsection, the department shall submit a detailed summary of the pilot program costs, including the proposed contract, to the joint legislative budget committee for review.

C. School districts and charter schools shall submit applications to participate in the pilot program to the department of education on or before a date prescribed by the department. On or before December 31, 2013, the department shall select school districts and charter schools to participate in the pilot program. School districts and charter schools that are selected to participate in the pilot program shall provide online English language learner instruction with the hardware and software provided by the entity selected by the department pursuant to subsection B of this section.

D. The department of education may fund the pilot program in fiscal years 2013-2014, 2014-2015 and 2015-2016 with up to three million dollars each year from the Arizona structured English immersion fund established by section 15-756.04, Arizona Revised Statutes.

E. On or before November 15, 2016, the department of education shall submit to the governor, the president of the senate and the speaker of the house of representatives a report that summarizes the results of the pilot program. The department of education shall provide a copy of the report to the secretary of state.

F. This section is repealed from and after January 1, 2017.

Sec. 24. Education learning and accountability fund service fee, donation and grant subaccount; appropriation; fiscal year 2013-2014

For fiscal year 2013-2014, all monies deposited into the education learning and accountability fund service fee, donation and grant subaccount pursuant to section 15-249.02, Arizona Revised Statutes, as amended by this act, are appropriated for use after review of the expenditure plan by the joint legislative budget committee.

Sec. 25. Soft capital carryforward balances; transfer

Notwithstanding any other law, a school district shall transfer any budget capacity and cash remaining in its soft capital allocation fund at the end of fiscal year 2012-2013 to its maintenance and operations fund or its unrestricted capital outlay fund.

Sec. 26. Existing capital outlay revenue limit overrides

Notwithstanding section 15-481, subsection Z, Arizona Revised Statutes, a budget in excess of the capital outlay revenue limit that was approved by the voters in a school district before the effective date of this act shall remain in effect until the end of the period authorized pursuant to the previous election.

Sec. 27. Budget reductions; soft capital overexpenditures

Beginning in fiscal year 2013-2014, a school district that overexpended its soft capital allocation in fiscal year 2012-2013 or in a prior fiscal year shall apply any correction required for that overexpenditure pursuant to section 15-905, subsection L or M, Arizona Revised Statutes, to its maintenance and operation or unrestricted capital budgets.

Sec. 28. District additional assistance reduction for school districts for fiscal year 2013-2014

A. For fiscal year 2013-2014, the department of education shall reduce by $238,985,500 the amount of basic state aid that otherwise would be apportioned to school districts statewide for fiscal year 2013-2014 for district additional assistance prescribed in section 15-961, Arizona Revised Statutes, as amended by this act, and shall reduce school district budget limits accordingly.

B. For fiscal year 2013-2014, the department of education shall reduce district additional assistance for a school district that is not eligible to receive basic state aid funding for fiscal year 2013-2014 by the amount that its district additional assistance would be reduced pursuant to subsection A of this section if the district was eligible to receive basic state aid funding for fiscal year 2013-2014 and shall reduce the school district's budget limits accordingly.

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

Notwithstanding any other law, the sum of district additional assistance reductions in fiscal year 2013-2014 for school districts with a student count of fewer than 1,100 pupils shall not exceed $5,000,000.

Sec. 30. Additional assistance funding for charter schools; reduction for fiscal year 2013-2014

The department of education shall reduce by $15,656,000 the amount of charter additional assistance funding that otherwise would be apportioned to charter schools statewide for fiscal year 2013-2014 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by this act. The funding reduction required under this section shall be made on a proportional basis based on the charter additional assistance funding that each charter school in the state would have received for fiscal year 2013-2014 without the prescribed reduction.

Sec. 31. Retroactivity

Section 25 of this act, relating to soft capital carryforward balances, is effective retroactively to from and after June 30, 2013.

Sec. 32. Conforming changes; budget forms and procedures

For fiscal year 2013-2014, the department of education and auditor general may modify school budgeting forms and procedures in order to conform with the establishment of district additional assistance pursuant to section 15-961, Arizona Revised Statutes, as amended by this act, and the associated repeal by this act of section 15-962, Arizona Revised Statutes, pertaining to soft capital funding.

Sec. 33. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the fifty-first legislature, second regular session.